

PEOPLE  
Sala in Cairo

The Global Newspaper  
Edited and Published  
in Paris  
Printed simultaneously in Paris,  
London, Zurich, Hong Kong,  
Singapore, The Hague, Marseille,  
New York, Rome, Tokyo, Frankfurt.

# Herald INTERNATIONAL Tribune

Published With The New York Times and The Washington Post  
PARIS, SATURDAY-SUNDAY, MAY 22-23, 1993

U.S. \$2.00  
Canada \$2.50  
Mexico \$2.00  
Japan \$3.00  
Australia \$2.50  
New Zealand \$2.50  
South Africa \$2.50  
India \$2.50  
Singapore \$2.50  
Hong Kong \$2.50  
London \$2.50  
Zurich \$2.50  
Paris \$2.50  
Tokyo \$2.50  
Rome \$2.50  
Frankfurt \$2.50  
Marseille \$2.50  
The Hague \$2.50  
New York \$2.50  
Established 1887

## Venezuela's President To Face Trial for Theft

### Senate Vote Removes Pérez From Power During Supreme Court's Prosecution

Compiled by Our Staff From Dispatches  
**CARACAS** — The Venezuelan Senate voted unanimously Friday to authorize the Supreme Court to prosecute President Carlos Andrés Pérez for embezzlement.  
The decision removes Mr. Pérez from office during the proceedings. He will be replaced by the president of the legislature, Octavio Lepage, until an interim president is named. Outside the heavily guarded National Congress Building, hundreds chanted slogans denouncing Mr. Pérez.  
There was no sign of imminent unrest. Instability in Venezuela, one of the world's major oil producers, could unsettle oil markets. And, although there has also been apprehension that events might lead the military to seek an overthrow of the democratically elected government, there seemed no reason Friday for such concern. Venezuela is one of the continent's leading democracies.  
Mr. Pérez is the second Latin American leader in six months to undergo impeachment proceedings. In December, President Fernando Collor de Mello of Brazil resigned as the Senate tried and convicted him on corruption charges.  
The Venezuelan Senate vote, made with a show of hands, was supported by Mr. Pérez's Democratic Action Party, which said it was confident of a fair trial and acquittal.  
In an emotional, sometimes defiant speech to the nation televised Thursday night, Mr. Pérez maintained his innocence. His voice sometimes broke, he dedicated much of his 30-minute talk to outlining the gains that Venezuela had made under his presidency and blaming his problems on political conspiracy. He expressed fear that political and economic progress made under his stewardship would be reversed.  
His fall gives another twist to the career of a grand old man of Latin American politics, a 70-

year-old survivor of jailings, exile, Communist guerrillas and, last year, two military coup attempts.  
Residents of this capital greeted the news jubilantly, with whistles and firecrackers and the banging of pots.  
"Honestly has triumphed," bellowed an opposition congressman, Orlando Fernández, as joyous crowds waved flags and celebrated outside the Congress building. The police fired tear gas to disperse a crowd of 1,000 people chanting anti-Pérez slogans.  
Nevertheless, some business people worried about the political stability of Venezuela, which has the hemisphere's largest oil reserves. Its 35-year-old civilian democracy is Latin America's oldest.  
Venezuela is the largest source of U.S. oil imports after Saudi Arabia, and per capita its 20 million inhabitants are Latin America's largest importers of American products.  
Sometimes called "Miami with mountains," this highly Americanized capital is a mix of expressways, glass-sheathed high-rises and shantytowns, all cupped in a verdant bowl formed by the Andes.  
"The oil will keep flowing, but our concern is over the economic reforms," an American diplomat said, echoing uncertainty about whether Venezuela's next president will continue Mr. Pérez's four-year campaign to dismantle state controls on the economy.  
With the authorization vote, Mr. Lepage temporarily assumes power. Within 30 days of the impeachment vote, the legislature will elect an acting president to serve the remainder of Mr. Pérez's five-year term, which expires Feb. 2.  
Regardless of the impeachment drive, candidates

See IMPEACH, Page 6



A wounded Bosnian Serb being helped by a fellow soldier during a mortar attack by Muslims near the northern Bosnian town of Brcko.

## Clinton Raises Doubts on Russian Plan For Bosnia

### He's Skeptical It Will Halt Fighting and Wary Of Safe Havens Concept

Compiled by Our Staff From Dispatches  
**WASHINGTON** — President Bill Clinton said Friday that he was skeptical about efforts to end the fighting in Bosnia-Herzegovina and warned that proposals to create "safe havens" there could lead to problems similar to those in Lebanon and Northern Ireland.  
Asked after a meeting with Foreign Minister Andrei V. Kozirev of Russia if the United States was embracing the Russian plan to end the Bosnian war, Mr. Clinton replied: "We will try to reach an agreement about what we do next. As you know, the United States is skeptical that we'll be able to satisfactorily resolve this within the framework that has been proposed."  
"We do want to work with our allies and we're trying to do our best to reach a joint position," he said. "It may happen, and I hope we can do it."  
The president also expressed reservations about suggestions for setting up safe havens for Muslims in Bosnia.  
"I don't want to see the United States get in a position where we're recreating Northern Ire-

The West's diagnosis: The Bosnian conflict is a risk to be avoided. Page 2.

land, Lebanon or Cyprus or anything else," said Mr. Clinton, who has advocated the use of military force to stop the fighting.  
"There may be some potential down the road for something to be done in connection with the peacekeeping operation, but I think it's something we have to be very skeptical about," he said. "We don't want our people in there basically in a shooting gallery."  
Asked if he would be content to allow Bosnian Serbs to stay on the land they have captured, Mr. Clinton said the United States' goals were to contain the fighting and stop the killing.  
"We believe in order to get that done, ultimately there will have to be some reasonable borders, some political solution to this which has a reasonable territorial component, and we'll just have to see what happens over the next few weeks," the president said.  
The president's skepticism was in sharp contrast to the tone used by Mr. Kozirev, who said earlier that Washington and Moscow were "very, very close" to an agreement but needed to consult European leaders.  
"We are reaching for solutions for joint approaches to a tremendously complex issue," Mr. Kozirev said after the meeting at the White House with Mr. Clinton and Secretary of State Warren M. Christopher. "We are working together and we are very close and I'm sure we will reach some mutual plan of action."  
Asked if Mr. Clinton had dropped his refusal to deploy U.S. ground troops to monitor and prevent arms shipments across the Serb-Bosnian border, Mr. Kozirev said it would be premature for him to comment until European nations were apprised of the U.S.-Russian talks.

Elaine Sciolino of The New York Times reported earlier from Washington.  
The United States and Russia are working toward a common strategy with other European nations that accepts, at least for the moment, the territorial gains made by the Serbs in Bosnia.  
The goal would no longer be to roll back any of the gains achieved by the Bosnian Serbs in 14 months of fighting, but rather, in the words of a senior administration official, "to contain and stabilize the situation and to put the brakes on the killing."  
When asked whether this approach appeared to reward the "ethnic cleansing" campaign by the Bosnian Serbs, the official replied, "First things first."  
The new strategy, which was discussed by Mr. Christopher and Mr. Kozirev in a meeting Thursday, would essentially set aside for now the overarching goal of the international peace plan mediated by Cyrus R. Vance and Lord Owen. That plan would require the Bosnian Serbs to withdraw from about half of the territory they hold.  
Mr. Christopher declined to discuss the strategy in detail. "I think that we have agreed on a series of matters we want to discuss with our counterparts from France and the United

See BOSNIA, Page 6

## Even the Aga Khan Feels Chill Wind of Recession

By Roger Cohen  
New York Times Service  
**PARIS** — Creditor banks moved Friday to seize the assets of companies owned by the Aga Khan, one of the world's wealthiest men.  
The action, which resulted in the suspension of trading in the Aga Khan's holding company and the Ciga luxury hotel chain on the Milan stock exchange, culminated more than a year of mounting financial difficulties for the Aga Khan, whose far-flung investments in Italian tourism have suffered heavily from the recession.  
A Milan stockbroker, Isidoro Albertini, said the situation at Fimpac, the Aga Khan's main holding company in Italy, came to a climax after the company was unable to service a \$100 million loan from a group of banks led by IMI Bank of Germany, a subsidiary of Italy's state-owned medium-term credit institute, Istituto Mobiliare Italiano.  
The suspension of share trading was ordered by the Milan exchange's watchdog authority, Consob.  
IMI on Friday formally requested the seizure of Fimpac's assets, which include a majority stake in Ciga, market officials announced.  
Claudio Miorelli, a spokesman for Fimpac,

described the action as a legal maneuver aimed at securing the bank pool's interests and said negotiations would continue on seeking a debt settlement.  
For the Aga Khan, who is the leader of the Shia Ismaili Muslim sect and is based at Ajman, near Paris, the suspension of his companies' shares underscored a dramatic reversal in his fortunes.  
Through his personal wealth, which included real estate and thoroughbred race horses, he has been estimated at \$1.4 billion, his businesses have suffered from a steep decline in attendance at his luxury hotels, problems in the development of his Costa Smeralda resort in Sardinia and the worsening of his debt problems because of the devaluation of the lira.  
Ciga, whose flagship hotels include the Grand Hotel in Rome and the Danielli in Venice, has piled up debts of about \$680 million as the number of businessmen and tourists prepared to pay at least \$300 a night for a room has fallen sharply in the last two years.  
The company has been in negotiations with a private group called Sinar for a sale of part of its assets.  
But these talks fell through earlier this year after Sinar asserted it had found irregularities in Ciga's accounts.  
Ciga rejected the accusations.

## GM Charges López With Stealing Secrets

Compiled by Our Staff From Dispatches  
**OKLAHOMA CITY** — General Motors Corp. said Friday that its German unit, Adam Opel AG, had filed a criminal complaint alleging document theft against José Ignacio López de Arriortua, the senior executive who recently left GM for Volkswagen AG.  
Louis R. Hughes, president of GM Europe and executive vice president of GM's international operations, said at a news conference following the annual shareholders meeting that the complaint alleges that Mr. López, the former GM purchasing manager, took confidential GM documents when he left GM in March.  
Mr. López attended a meeting of GM's European strategy board a week before he quit GM

to join Volkswagen. GM's product plans for the next decade were discussed at the meeting.  
GM's complaint also implicates other former GM employees who followed Mr. López to Volkswagen. Further details were not available.  
The action is separate from an injunction issued earlier against Mr. López by a Frankfurt court to prevent him from systematically luring General Motors executives to Volkswagen.  
Mr. López was instrumental in getting GM to cut its material costs in North America after being brought from GM's European operations about 13 months ago. He was even offered a job by GM's president and chief executive, John F. Smith, to run GM's entire North American operations as an enticement to stay.

Referring to progress made in GM's American operations, Mr. Smith told shareholders that for the last 30 days, GM's passenger-car market share was 37.3 percent, "the best since last July," and in April the Chevrolet Cavalier was "the best-selling car in the United States."  
GM's chief counsel, Harry Pearce, said it was actively seeking a telecommunications partner for its Electronic Data Services Corp. computer-services subsidiary.  
Meanwhile, General Motors Europe announced that it had cut its forecast for European car sales in 1993. Industry analysts said new projections for the recession-hit market were the worst for 25 years.  
(AP, Knight-Ridder, Bloomberg, Reuters, AFX)

## Communist Neglect, Capitalist Excess Make Moscow a Health Hazard

By Margaret Shapiro  
Washington Post Service  
**MOSCOW** — A few kilometers south of the Kremlin's pristine gold domes, a huge oil refinery spews foul-smelling haze over nearby apartment buildings, causing residents to complain of constant eye infections, sore throats and headaches. Trees lining a stretch of road near the plant stand leafless and lifeless next to a fern stream.  
In another densely populated area of the city, old nuclear reactors at a rundown research institute continue to operate, despite warnings from Russia's former top inspector that they pose a serious threat to the city. Neighbors have armed themselves with Geiger counters.  
Throughout Moscow, automobile pollution has got so heavy that vegetables grown in family garden plots near

roadways were found last summer to contain dangerously high lead levels. Moscow environmental officials, meanwhile, say that the snow that blankets the city for five months a year is contaminated with cadmium and other heavy metals.  
Living in Moscow, as a recent report put it, can be hazardous to human health.  
Moscow remains cleaner than such polluted capitals as Mexico City, Bangkok and Seoul, where skies are continually obscured by smog. But in what was the Soviet Union's showcase city, a combination of decades of industrial development at all cost, intense urban sprawl and minimal ecological planning has left a legacy of polluted air, earth and water.  
Now Russia has no money to repair the damage. And

what communism bequeathed, Russia's transition to unbridled capitalism has only made worse.  
Moscow's streets, once eerily empty except for the speeding limousines of Communist Party bosses, now are clogged night and day with cars owned by Russia's booming class of the newly rich. The government statistical agency says about 870,000 cars are registered here, with thousands more using the streets each day. The number of trucks, which have much fouler exhaust emissions, is also unknown, officials said.  
In any case, because cars here still use leaded gas and have little or no pollution controls, levels of pollutants well exceed acceptable norms, making driving or walking along major roads a health hazard, according to Moscow environmental officials.  
Throughout the Moscow region, trees are being cut down and long dormant land is being turned over for new houses and other buildings, spreading dirt and dust, which not only have made Moscow muddy and gritty, but also carry unhealthy levels of pollutants. Some of this excavation has also uncovered old dumps of toxic or radioactive waste buried decades ago. The city government recently built a new bread factory in a northeast section of Moscow on top of one of these radioactive dumps.  
"No one ever thought about the effect on people, on the future," said Lyubov Rubinchik, director of the environmental monitoring group Socio-Ecological Union. "It was a principle underlying the development of the whole country."

See DIRTY, Page 6

### Kiosk

#### Ukraine Nuclear Plant Fire Kills One

KIEV (Reuters) — A fire broke out Friday at a nuclear power plant in Ukraine, killing one worker and seriously injuring another, local officials said. But they said there was no increased radiation and no danger to residents or the environment.  
An official in the central Ukrainian city of Zaporizha said sparks from a welder's torch ignited hydrogen from a pipe in one of the plant's six reactors.  
The station is 50 kilometers from Zaporizha, which has 900,000 people. The official quoted the plant's director as saying the incident was not linked to reactor processes.

#### 4 Die in Bomb Blast Near Cairo Police Station

CAIRO (Reuters) — A bomb exploded outside a police station in central Cairo on Friday, killing 3 people and wounding 16 in what appeared to be an attack by Islamic militants. Earlier, a policeman was killed in a village in southern Egypt, the latest in a series of killings there apparently carried out by militants.

|            |            |
|------------|------------|
| Dow Jones  | Down 30.45 |
| S&P 500    | 3,492.83   |
| Trin Index | Up 0.14%   |
|            | 100.79     |

|            |          |        |         |
|------------|----------|--------|---------|
| The Dollar | New York | 1.6255 | 1.6195  |
|            | London   | 1.545  | 1.5966  |
|            | Yen      | 110.90 | 110.606 |
|            | FF       | 5.475  | 5.444   |

Republicans cry crysis over new White House travel staff. Page 3.  
Business/Finance  
British inflation shrunk dramatically. Page 11.  
Survivors of a Thai factory fire got about \$200 in compensation. Page 15.

## Clinton's Ordinary, \$200, Airport-on-Hold Haircut

By Ann Devroy  
Washington Post Service  
**WASHINGTON** — President Bill Clinton, whose campaign seized hungrily on every sign of George Bush's distance from the lives of real people, is finding the tables turned. The White House is staunchly defending high-rolling presidential hair care.  
"The president has to get his hair cut, everybody has to get his hair cut," said the exasperated White House communications director, George Stephanopoulos. He was explaining why Mr. Clinton kept Air Force One on the ground in Los Angeles for an hour Tuesday night while his hair was cut and commercial planes may have been delayed.  
And then he was explaining why Mr. Clinton kept the plane on the ground in New Mexico for 40 minutes the day before while the presidential sideburns were trimmed.  
The White House denied that the president was putting hair care, rather than people, first. Mr. Clinton, elected on a theme of "Putting People First," was helped along in his campaign by portraying Mr. Bush as out of touch with ordinary Americans. On Thursday, Mr. Stephanopoulos suggested that Mr. Clinton, in his use of Air Force One, was no different than Mr. Bush. The former president, he said, even



Bill and Hillary Clinton showing off their current coffees.

stayed aboard Air Force One overnight on several occasions.  
Mr. Bush, in fact, was a stickler for promptness. There is no evidence that he kept Air Force One on the ground while he conducted personal business. He did stay aboard the plane one night in its hangar at Andrews Air Force Base when he made a one-day trip to and from South America. Mr. Bush decided to sleep on the plane instead of getting up for the flight in the middle of the night.  
Clinton officials insisted other air travelers were not inconvenienced by a Clinton summons to Christophe, a Beverly Hills hairstylist, aboard the plane for a trim that costs average customers \$200. The cost of the Clinton coiffure was unclear.  
Airline officials in Los Angeles were quoted in wire service reports about delays of commuter flights because of a shutdown of two of the four runways at Los Angeles International Airport while the hairstylist worked.  
The White House denied that it had ordered the runways shut down, but runways are routinely shut when a president's plane arrives or departs as part of its security. Sources confirmed two Los Angeles runways were closed.  
See CLIPPED, Page 6









# China Keeps Trying To Buff Its Image Plans to Free Dissident Tied To Effort to Avoid Sanctions

By Lena H. Sun  
Washington Post Service

BEIJING — As part of its continuing effort to improve its image, China is preparing to release one of its longest-held political prisoners, an American human-rights campaigner said Friday.

The move is aimed at heading off trade sanctions by Washington and burnishing its bid to play host to the 2000 Olympics.

The prisoner, Xu Wenli, 49, held in solitary confinement for 12 years for his role in China's Democracy Wall Movement of 1978-79, will be paroled by the end of the month, said John Kamm, a Hong Kong-based American businessman who met this week with Chinese officials in Beijing.

The Chinese Foreign Ministry also informed the U.S. Embassy in Beijing that Mr. Xu was to be released soon, three years before his 15-year-sentence is completed, according to a source.

Mr. Xu, designated "Special Prisoner No. 1," is considered one of the most moderate of the democracy leaders of that period. A former electrician, he published an underground journal advocating political reform within the Communist system.

During his imprisonment, he has lost most of his teeth, his family members have said. He was kept in a "windproof, damp vault" full of insects for three and a half years after his account of his arrest and

trial was smuggled out of China and published in 1985.

A Ministry of Justice official said Mr. Xu was being paroled because he was "abiding by prison rules and regulations," according to Mr. Kamm. The official told Mr. Kamm that the Beijing Intermediate People's Court still needed to give final approval.

A ministry spokesman later confirmed that Mr. Xu would be released when the formalities are completed, Reuters reported.

The timing of the news seems intended for maximum political impact. The fourth anniversary of the Tiananmen Square crackdown is June 4. President Bill Clinton must decide by June 3 on whether to renew China's most-favored-nation status. Most analysts say they think that Mr. Clinton will renew the status, which allows Chinese goods into the United States under the lowest possible tariffs, for this year.

But for next year, Mr. Clinton is expected to require China to improve its human-rights record, reduce its trade surplus with the United States and help stop the spread of arms by June 1994.

Clinton administration officials are said to be trying to set down conditions that would be tough enough to satisfy Congress, which has introduced legislation linking an extension with progress in human rights, trade, and arms proliferation, but flexible enough to keep relations with China from sharply worsening. "There's no question they want to improve U.S.-China relations," Mr. Kamm said. "But the Olympics came up time and time again. They asked me whether human rights will be a factor in the decision."

Beijing and five other cities are competing for the rights to be the host for the 2000 Olympic Games. The International Olympic Committee is to make its choice on Sept. 23, China, which has never played host for an Olympics, has mounted a vigorous effort for the Games.

Earlier this week, the Games' top organizer said the choice would be influenced by the host country's human-rights record.

Although China has released some prominent political and religious prisoners in recent months as part of what one human-rights campaigner calls the "smile offensive," many more remain behind bars and others continue to be arrested.



Some of the 15 contestants in the Miss Sarajevo pageant watching Friday as another took the stage at a rehearsal. Bosnian Muslims, Croats and Serbs are participating; the winner gets a trip to Madrid.

## Hot Going Soft, Executions Show

HONG KONG — Eighteen people were executed in Guangdong province in southern China for crimes including the murder of a policeman, robbery, gang rape and embezzlement, the Xinhua press agency said Friday.

Among the executed was a migrant from central China who stabbed and killed a policeman who had pursued him after he robbed a girl cyclist in Shaunde, the report said.

A gang of five men who murdered five people in a series of robberies and gang rapes in the Guangzhou area were shot, as was a former bank teller who embezzled the equivalent of \$170,000 which he then lost gambling.

## BOSNIA: Clinton Raises Doubts on Russian Efforts

(Continued from page 1)

Kingdom over the next several days," he said.

A senior administration official also said that Mr. Christopher had dropped his opposition to the plan to create safe havens for Bosnian Muslims, as long as they were temporary.

During his tour of Europe two weeks ago, Mr. Christopher said he objected to the idea of safe havens on moral and military grounds:

"The United States would be unwilling to take part in any United Nations peacekeeping effort to protect the safe havens, but is considering the use of air power to protect UN forces guarding the safe areas, the official said.

## BOSNIA: Clinton Raises Doubts on Russian Efforts

During their talks Thursday, Mr. Kozzyrev presented Mr. Christopher with a Russian proposal to carry out the Vance-Owen plan in stages.

Under his proposal, the three warring Bosnian factions — the Serbs, the Croats and the Muslim-led Bosnian government — would be persuaded somehow to accept pieces of a complicated map that would divide Bosnia into 10 provinces, largely along ethnic lines.

Mr. Kozzyrev also detailed his plan during a meeting with Senate leaders. But several senators said they were not impressed, calling his approach vague and ill conceived.

Some senators also said a lack of U.S. leadership was allowing Russia and the allies to fill the vacuum with ideas of their own and forcing Washington into a reactive posture.

"Kozzyrev's idea strikes me as a reckless adventure that will ratify ethnic cleansing and put ground forces right into the middle of the war," said Senator Richard G. Lugar, Republican of Indiana.

"Only two weeks ago we had the impression that the United States had a plan," he said. "Now, to and behold, due to an almost total vacuum of American leadership, you have the Russians, of all people, doing the most active diplomacy. The reversal of roles is rather breathtaking."

## World Bank Takes Turn: Help Africa Help Itself

By Tami Hultman  
Washington Post Service

WASHINGTON — The World Bank's top policymaker for Africa has announced sweeping changes in the institution's approach to the continent's economic problems.

In a speech to the annual conference of the African-American Institute, Edward V. K. Jaycox, vice president for the Africa Region, said the bank would no longer dictate development plans to African countries and would stop "imposing" foreign expertise on reluctant African governments.

Calling the current pattern of technical assistance to Africa "a systematic, destructive force," Mr. Jaycox said future programs would be aimed at building Africa's capacity to help itself.

Most of the world's poorest countries are in Africa, and poverty has deepened there in recent years. But the continent also has huge untapped wealth and already is a larger trading market for the United States than the countries of the former Soviet Union and Eastern Europe combined.

The speech was an off-the-record address to a closed session of the institute's conference, but Mr. Jaycox agreed afterward to make public his remarks for publication.

The policy shift, if carried out, would have repercussions throughout Africa.

For the last decade, the bank has shaped the development agenda in Africa, formulating policies that have guided the practices of its sister institution, the International Monetary Fund, as well as the aid programs of the United States and other donor countries.

Acknowledging that the World Bank has been unable to devise effective solutions to Africa's persistent economic problems, Mr. Jaycox said that in the future the bank would help fund African governments to write their own development plans. The bank would also use the bulk of a \$20 million economic research fund to support studies commissioned by Africans, rather than to pay for studies by bank economists.

Critics of current development programs have estimated that more than 100,000 foreign experts working in Africa consume a major chunk of all foreign aid money to the continent.

In another action to support the goal of building Africa's capabilities, Mr. Jaycox announced that universities in the United States and other Western nations that have World Bank-funded contracts to train African economic managers must move their programs to Africa within three years and collaborate with African universities.

## Bavarian to Soldier On As Finance Minister Waigel Loses His Bid to Quit Bonn And Become the Premier of State

Compiled by Our Staff From Dispatches

BONN — After four years of shouldering the blame for Germany's steadily worsening public finances, Finance Minister Theo Waigel failed Friday in his bid to leave the job gracefully and return to his native Bavaria as premier.

Edmund Stoiber, the state interior minister, will take the place of Governor Max Strauß, who announced two weeks ago that he would step down after accepting a free plane ride from a favored defense contractor.

The battle over who would replace Mr. Strauß had deeply divided the conservative Christian Social Union, one of the two junior partners in the federal government. The union is the Bavarian sister-party of Chancellor Helmut Kohl's Christian Democrats.

Mr. Waigel, 54, apparently tiring of his duties in managing the worst recession in Germany since World War II, represented the more liberal wing of the party.

The party's conservative rank-and-file backed Mr. Stoiber, 51, because as interior minister he has strengthened the police and pushed to overturn Germany's liberal asylum law.

He was seen as having a better chance in elections next year, in which the far-right Republican Party threatens to make big gains.

Mr. Waigel said that he would remain finance minister and that his position as chairman of the party would be strengthened, with Mr. Stoiber renouncing his position as party deputy chairman.

Reports Friday said Mr. Waigel was not consulted before Mr. Kohl announced across-the-board budget cuts to deal with the shortfall of 25 billion Deutsche marks (\$15 billion) in anticipated tax revenue for next year.

Political analysts said Mr. Waigel paid the price for trying to combine the arduous job of finance minister with the chairmanship of the Bavarian party.

Mr. Waigel's popularity in Bavaria had suffered as he was blamed for Bonn's spiraling debt and tax increases made necessary by German unification.

After the death of the Bavarian leader, Franz Josef Strauß, in November 1988, Mr. Waigel was elected party chief with 98.3 percent of the vote.

He entered the cabinet as finance minister in April 1989, winning favor with financial markets by immediately scrapping an unpopular 10 percent withholding tax on investment earnings which had led to a huge capital outflow and weakened the mark.

Mr. Waigel initially presided over a booming economy and a dwindling budget deficit, but unification in 1990 dramatically reversed the situation.

The government ran up mounting debt as it poured money into the moribund economy of former East Germany, and its credibility suffered when it broke a 1990 election pledge not to raise taxes.

To make matters worse, Germany has slid into recession, which is further eroding tax revenue while spending on unemployment benefits is soaring.

## CLIPPED: Musing the Image

(Continued from page 1)

For 56 minutes. The day before, Mr. Clinton spent 40 minutes at the airport near Los Alamos, New Mexico, where he had given a speech, while a stylist named Karl Vigil trimmed his sideburns and neck, and applied makeup to tone down a touch of sunburn, according to an Associated Press interview with a thrilled Mr. Vigil. Reporters noted the New Mexico delay but were not told the reason.

Paul Begala, a campaign aide who helped hone Mr. Clinton's populist appeal, saw no political problems with the image of Mr. Clinton getting a \$200 haircut on Air Force One while others waited.

"It's stunning to me that on a day in which powerful forces are trying to cut Social Security, cut Medicare, cut tax burdens on the rich, that the great and powerful Washington Post wants to write about a damn haircut," he said. "That's pathetic. That's my response. Get a life."

In any case, Mr. Begala said, the American people will understand Mr. Clinton's tonsorial needs. "Bill Clinton has challenging hair to say the least," he said. "Even on a good day it sometimes looks like worn-out Beillo."

How much he spends to fix it Mr. Begala asserted, is "the last thing that anybody in America is worried about."

### Japan-US trade confrontation

### The coming Cambodian elections

### Maastricht ratification by Britain

### Russia's role in Bosnia

### Middle East peace talks

... news events which affect all our lives. Shouldn't you be following them daily in the IHT?

**Subscribe 44% and save up to off the newsstand price**

CALL US TOLL-FREE IN FRANCE: 05 437 437  
GERMANY: 0130 848585  
SWITZERLAND: 155 57 57

Or send in the coupon below:

| Country/Currency                                              | 12 months + 2 months FREE | 6 months + 1 month FREE | 3 months + 13 FREE issues |     |
|---------------------------------------------------------------|---------------------------|-------------------------|---------------------------|-----|
| Austria                                                       | A.Sch. 6,000              | 3,200                   | 1,800                     |     |
| Belgium                                                       | B.Fr. 14,000              | 7,200                   | 4,200                     |     |
| Denmark                                                       | D.Kr. 3,400               | 1,800                   | 1,050                     |     |
| Finland                                                       | F.M. 2,400                | 1,300                   | 700                       |     |
| France                                                        | F.Fr. 1,950               | 1,070                   | 590                       |     |
| Germany (mail)                                                | D.M. 700                  | 385                     | 210                       |     |
| hand delivery                                                 | D.M. 850                  | 470                     | 260                       |     |
| Great Britain                                                 | £                         | 115                     | 65                        |     |
| Greece                                                        | Dr. 75,000                | 41,000                  | 22,000                    |     |
| Ireland                                                       | Ir£                       | 125                     | 65                        |     |
| Italy                                                         | Lira 900,000              | 475,000                 | 260,000                   |     |
| Luxembourg                                                    | L.Fr. 14,000              | 7,200                   | 4,200                     |     |
| Netherlands                                                   | Fl. 770                   | 420                     | 230                       |     |
| Norway                                                        | N.Kr. 3,500               | 1,800                   | 1,050                     |     |
| Portugal                                                      | Esc. 47,000               | 25,000                  | 14,500                    |     |
| Spain                                                         | Ptas. 48,000              | 25,500                  | 14,500                    |     |
| hand deliv. Madrid                                            | Ptas. 55,000              | 27,500                  | 15,500                    |     |
| Sweden (airmail)                                              | S.Kr. 3,100               | 1,700                   | 900                       |     |
| hand delivery                                                 | S.Kr. 3,500               | 1,900                   | 1,000                     |     |
| Switzerland                                                   | S.Fr. 610                 | 335                     | 195                       |     |
| Rest of Europe, N. Africa, former French Algeria, Middle East | S                         | 345                     | 190                       |     |
| Philippines, Asia, Central and South America                  | S                         | 780                     | 430                       | 235 |
| Rest of Africa                                                | S                         | 900                     | 495                       | 270 |

Yes, I want to start receiving the IHT. This is the subscription term I prefer (check appropriate boxes): **22-5-93**

12 months (364 issues in all with 52 bonus issues).

6 months (182 issues in all with 26 bonus issues).

3 months (91 issues in all with 13 bonus issues).

My check is enclosed (payable to the International Herald Tribune).

Please charge my:  American Express  Diners Club  VISA  MasterCard  Eurocard  Club

CARD ACCT. NO. \_\_\_\_\_

EXP. DATE \_\_\_\_\_ SIGNATURE \_\_\_\_\_

FOR BUSINESS ORDERS, PLEASE INDICATE YOUR VAT NUMBER: \_\_\_\_\_

IHT VAT number: FR/473202112611

Mr.  Mrs.  Miss FAMILY NAME \_\_\_\_\_

FIRST NAME \_\_\_\_\_

PERMANENT ADDRESS:  HOME  BUSINESS \_\_\_\_\_

CITY/CODE \_\_\_\_\_

COUNTRY \_\_\_\_\_

TEL. \_\_\_\_\_ FAX \_\_\_\_\_

Return your completed coupon to: Subscription Manager, IHT, 181 Avenue Charles de Gaulle, 92211 Neuilly Cedex, France. Fax: 33.1.46.37.06.51 - Tel: 33.1.46.37.93.61

This offer expires September 30, 1992, and is available to new subscribers only.

## DIRTY: Moscow's a Mess Russia Opens Inflation Fight Government and Central Bank Initial a Pact

(Continued from page 1)

Moscow was just a glaring example. Wherever you point your finger on the map there is another horrible place," said Mr. Rubin, who almost delights in detailing for visitors all the places where radioactive waste has been found, where mercury content in dust is stunningly high or where storage facilities for ammonia and ethylene are so run down that a lethal leak could easily occur.

The government, meanwhile, is too poor to beef up environmental surveillance, clean polluted sites or repair decaying water and air filtration plants that, left on their own, pose further hazards. In an area west of Moscow known for being fairly unpolluted, for instance, crumbling filtration plants are contaminating the very water they are intended to clean.

While the government has been able to track down and remove hundreds of small radioactive "points" — discarded medical equipment and laboratory equipment or small dump sites where someone years ago secretly buried nuclear wastes — there is simply not enough money available for larger efforts.

"Bad ecological problems plus poverty make the situation really bad," said Kharis Yakhov, a doctor and environmental analyst. Russia's economic crisis has at least slowed the growth of Moscow's air pollution by forcing some factories to reduce production.

Aerial photographs show smudges of brownish smog stretching out from the city for more than 100 kilometers (60 miles). The causes are primarily vehicles, huge power plants and thousands of factories. Built decades ago on the city's outskirts, these factories now sit among high-rises, schools and office buildings.

A frighteningly concrete example of pollution-related medical problems was provided in the recently published book "Ecoicide." It cites the case of a maternity clinic for Moscow's elite in which 80 percent of babies born during one period were either premature or had birth defects.

MOSCOW — The Russian government and the independent central bank reached a preliminary agreement Friday on controlling inflation that could pave the way to greater Western aid, news agencies reported.

The agreement has yet to be signed and must still be forwarded to higher officials at the International Monetary Fund for review. Interfax said. But if the pact holds, it could prove another step in Russia's uneven march toward free-market reforms.

Disagreements between reformers in President Boris N. Yeltsin's government and more conservative leaders of the Central Bank have until now stymied Russia's efforts to forge a coherent economic policy. The rift, which has contributed to galloping inflation for almost a year, has left the West reluctant to lend money to support Russia's reform effort.

But on Friday the government and bank initiated a pact calling for measures to control inflation. Under the accord, the central bank is to stop granting credits directly to regions or enterprises, lending money instead through market mechanisms at auctions or through commercial banks. For its part, the government pledged to take steps to limit its budget deficit, another key IMF demand.

Western industrial democracies are eager for Russia to meet certain minimal criteria so that the IMF can release a first slice of \$3 billion in loans.

Mikhail Leontiev, an economic commentator, noted in an article in Friday's Sevodaya newspaper that the spending limits outlined in the new memorandum, expected to be signed Saturday, are almost certain to be violated. But he added that the IMF was still likely to release \$1.5 billion almost immediately.

## IMPEACH: Venezuela's President to Face Theft Trial

(Continued from page 1)

The Senate is authorized an impeachment trial in the Supreme Court, insisting that the court would find him innocent.

According to prosecutors, Mr. Pérez and two former aides, Reinaldo Figueredo and Alejandro Izaguirre, personally profited from a multimillion-dollar currency manipulation a few days after Mr. Pérez took office in February 1989.

The prosecutors charged that about \$10 million was made by changing a discretionary fund into dollars at a preferential rate. After a 88 percent devaluation of Venezuela's currency, the bolívar, the dollars were changed back into bolívares. The two aides also face trial.

"Venezuela is undertaking a struggle against corruption — not a personal persecution," said the author of the impeachment petition, Ramón Escovar Salom, the independent attorney general. "First, there was the report of the comptroller general, then the central bank, then the prosecutor, and now the Supreme Court — it can't be that so many people are wrong."

Seeking to instill more democracy in this nation, Latin America's wealthiest, Mr. Pérez had appointed independent judges to the Supreme Court, spoken out against corruption and pushed for democratic elections of state governors.

Adopting Children From Abroad

BECOME A FLY

PLEASE COMPLETE THIS FORM

NAME \_\_\_\_\_

ADDRESS \_\_\_\_\_

CITY \_\_\_\_\_

STATE \_\_\_\_\_ ZIP \_\_\_\_\_

TELEPHONE \_\_\_\_\_

DATE \_\_\_\_\_

# Adopting Children From Abroad

Americans lead the world in adopting children from other countries. Unfortunately, this is a fertile field for con artists, and anyone undertaking an intercountry adoption should proceed with great caution.

In 1992, Americans adopted 6,536 children from foreign countries, including South Korea, the Philippines, India, China, Columbia, Peru, the former U.S.S.R. and Guatemala. But the efforts of many other Americans to adopt foreign children were rewarded only with financial losses, disappointment, and even heartbreak in cases where children who had already been living with them were taken away from them.

bureaucracy that now burden the process of intercountry adoption and lend more legal certainty to the adoption for both the parents and the child." He points out that there have been cases where a child has been taken back from an adoptive parent because the adoption was not legal in one of the countries involved. "There is an urgent need for this treaty," he adds. "There are now 20,000 or more intercountry adoptions per



## FEDERATED LEAGUE OF AMERICANS AROUND THE GLOBE

delicate matter. Certain Muslim countries, for instance, insist that an adopted child keep its family name. "There must be an exchange of information about culture, language and religion," he says, "an understanding of differing views."

He advises anyone considering an intercountry adoption to "do your homework." He cites the case of a reporter for a prominent newspaper who paid \$37,000 to a private agency that "promised" her a child and then went bankrupt a week later, leaving her still childless and certainly much poorer. "It is amazing how many sophisticated people, even lawyers, are victims of unscrupulous operators," he says. He recommends that people looking for a child be extremely cautious. "Read all the reliable information available, always obey the spirit and letter of the law and don't be rushed. Be very suspicious if someone says, 'This is your only chance.' Remember, if something seems too good to be true, it usually is."

Working through a public agency is safe but can take a long time. Adoption in the United States through public agencies takes an average of three to seven years, while it takes one or two years on average through private agencies. Intercountry adoptions can take from nine months to 2 years, and total fees range between \$5,000 to \$20,000, depending upon the country of origin. Mr. Pierce's organization is experienced in intercountry adoptions and can provide referrals to responsible agencies in most foreign countries. There are also excellent support groups in most industrialized countries.

The head of the U.S. delegation at the Hague Conference, Peter H. Pfund, an assistant legal adviser with the U.S. Department of State, set up a study group with over 50 representatives of interested agencies and organizations to develop the U.S. position for the Hague Conference.

Mr. Pfund says that the U.S. delegation wants the convention to remain flexible and capable of support by the various elements of the U.S. adoption community. He points out that the U.S. system of government is different from that of many other countries, with most family issues being dealt with by varying state laws, and it is important that the convention take this into account when the final text of the convention is written, especially since more intercountry adoptions are undertaken from the United

States than any other country in the world.

The United States also has an interest in seeing that the convention allows private agencies, subject to the controls outlined in the convention, to continue handling intercountry adoptions. Mr. Pfund points out that many countries allow only public authorities or government-licensed agencies to handle such adoptions.

"If private adoptions are not possible," he says, "we may have difficulty having it approved in the House and the Senate." He is optimistic that the final text will be amenable to U.S. interests.

One of the most difficult tasks of the delegates to the conference, according to Mr. Pfund, is finding a balance between an agreement that includes as many safeguards as possible and

one that may not be perfect but that would be workable and allow for the placing of as many children as possible in good homes, that is in the interests of both the children and the adoptive parents and that avoids "nightmare scenarios" like the ongoing case in the United States where the birth parents and adoptive parents of a little girl have been fighting in the courts over the right to the child.

The text of the convention will be reviewed by interested U.S. agencies, associations and individuals. The U.S. president will send it to the Senate for advice and consent, and it is expected that the administration will propose federal implementing legislation.

After favorable Senate and Congressional action by about 1995, the United

States would ratify the convention and bring it into force for the United States.

Jean and Heino Erichsen, founders and directors of Los Niños International Adoption Center, 1600 Lake Front Circle, Suite 130, The Woodlands, Texas 77380-3600, have written a guide for agency-directed and independent adoptions entitled "How to Adopt Internationally." The guide is based on their personal experiences and on adoptions that they have assisted.

Americans residing overseas who are considering an intercountry adoption should learn the adoption procedures of their resident country and the U.S. laws if they want the child to become a U.S. citizen. There have been instances where adopted children have found they do not qualify for citizenship in any country.

U.S. citizenship is not automatic for a foreign adopted child. The child must first become a lawful permanent resident of the United States, and the American adopting parent must have lived in the United States for five years, of which two must be after the age of 14.

FLAAG has supported a change in these restrictive citizenship transmission requirements. House Bill H.R. 783, which was discussed in our article in the International Herald Tribune on March 6-7, will simplify the transmission of citizenship for adoptive

parents as well. Citizens interested in voicing support of this legislation should write to U.S. Representative Romano (Ron) Mazzoli, Chairman of the House Judiciary Subcommittee on International Law, Immigration and Refugees, Washington, DC 20515.

When dealing with intercountry adoptions, Americans should work with a country that supports international adoptions and make sure the child is tested for AIDS, tuberculosis and hepatitis B.

The National Council For Adoption publishes numerous materials on adoption, including "National Adoption Reports." It is located at 1930 Seventeenth Street, N.W., Washington, DC 20009-6207.

The International Concerns Committee for Children publishes the Report on Foreign Adoptions and is another source for information. It is located at 911 Cypress Drive, Boulder, CO 80303.

FLAAG is developing information on actual case studies of intercountry adoptions which will be used to prepare testimony before the Congress on citizenship and the anticipated federal implementing legislation on the Hague convention on intercountry adoptions. Please send your comments to the address on the coupon on this page.

Henry Valentino  
Chief U.S.  
Representative, FLAAG

### A Note of Thanks

For the last 12 months, FLAAG has been able to present this series of articles because of the generosity of our founding sponsor, MCI International. We at FLAAG salute MCI International and its president, Jerry DiMartino. If you would like to thank them for this series, write to MCI Intl. at 2 International Drive, Fye Brook, NY 10573.

### FLAAG Is...

The Federated League of Americans Around the Globe - a nonprofit, non-partisan organization serving the needs and interests of all U.S. citizens abroad. FLAAG offers its members a clearinghouse of reliable information, FLAAGSHIP magazine, worldwide health insurance, international seminars and special events, a data bank and resource center, and global networking.

### MCI Is...

MCI provides telecommunications services to help customers around the world. The MCI Calling Card and discount plans offer significant savings on calls to the U.S. and other locations. MCI also offers international voice, data, and electronic messaging capabilities. For more information, call MCI's Paris office at 33-1-47.20.50.80.



The path to intercountry adoptions may be fraught with difficulties, but when all goes well, the end result is joyful for both parent and child.

It is against this background that almost 60 countries are working with the Hague Conference on Private International Law in preparing a convention on international cooperation in intercountry adoptions. The conference has been working on this issue since 1988.

Prospective adoptive parents should be suspicious of requests for "up-front" fees of more than \$500, or recommendations to travel without a firm assignment of a particular child.

Requests for quick decisions and fees to "reserve a child," or a lack of written information are signs of a need for caution.

Experts advise against accepting offers from people who suggest "shortcuts." Those considering an adoption should do their own research first and work only with reputable individuals or agencies.

Adair Dyer, an American attorney from Dallas, Texas who now lives in The Hague, is the deputy secretary-general of the Hague Conference on Private International Law. He says that the text of the convention "is designed to provide protection for children in the process of intercountry adoption by creating international cooperation between the governments of the countries involved. It will cut out several layers of

year, and problems have arisen with the selling of children."

The convention should facilitate the adoption process and eliminate such abuses. Mr. Dyer expects it to be passed by the conference on May 29.

"We're trying to make sure that the convention both limits the opportunities for problems and at the same time facilitates adoptions between countries," says William Pierce, president of the National Council For Adoption and a member of the U.S. delegation.

"It provides for the recognition of legal and other actions by cooperating governments. It is important that there is a clear understanding of the kind of preparation needed in terms of legal documents both for a woman giving up a child and for the adopting parents."

One problem the convention came up against, according to Mr. Pierce, was that "there were those who thought that intercountry adoption was so fraught with illegality and controversy that it should not take place at all." After years of work, international adoption has been recognized by the convention as preferable to foster care or institutional care in the child's home country.

Mr. Pierce points out that formulating the terms of the convention is a very

This advertising section was produced in its entirety by the supplements division of the International Herald Tribune's advertising department.

## BECOME A MEMBER OF FLAAG

PLEASE COMPLETE THE FORM AND SEND IT TO:  
LONDON: FLAAG 16, Connaught Street London W2 2AF - ENGLAND  
OR HONG KONG: FLAAG Suite 303, 3/F On Hong Commercial Bldg.  
145 Hennessy Road, Wan Chai - Hong Kong.  
OR  
WASHINGTON: FLAAG 2056 National Press Building Washington, D.C. 20045 - U.S.A.  
Phone: 1/202/628-5488 - Fax: 1/202/628-5485.

YES!

I WANT TO BECOME A MEMBER OF FLAAG. ENCLOSED PLEASE FIND MY CHECK TO THE ORDER OF FLAAG FOR \$25

FLAAG MEMBER \$25

STUDENTS AND SENIOR CITIZENS \$15

YES!

PLEASE SEND ME INFORMATION ON THE MCI/FLAAG CARD FOR DISCOUNT TELECOMMUNICATIONS SERVICES.

NAME: \_\_\_\_\_

ADDRESS: \_\_\_\_\_

PHONE/FAX: \_\_\_\_\_ (INCLUDE ALL PREFIXES)

YES!

PLEASE SEND ME INFORMATION ON THE FLAAG HEALTH CARE PLAN.

CONTRIBUTIONS, GIFTS AND MEMBERSHIP DUES ARE NOT DEDUCTIBLE FOR FEDERAL INCOME TAX PURPOSES.

# THE WORLD IS FLAT



The MCI Card offers two international services—MCI World Reach and MCI CALL USA—which provide the business traveller with the assurance that no matter where a call is placed—country-to-country or back to the States—there'll be no delays, no foreign languages or currencies to deal with, no hassles with exchange rates and no excessive hotel surcharges to settle.

What you'll experience is a unique approach to international calling: easier, more convenient, more cost-effective.

If, by chance, you don't possess the MCI FLAAG card or the regular MCI Card, we'll be happy to send you one. Just call the access number of the country you're in and ask for customer service.

Nothing on earth fits your needs, or your wallet, as well as the MCI Card.



To reach around the world, use your MCI Card or call collect? Just select the number next to the country you're calling from. An English-speaking operator will put your call through to anywhere in the 50 States as well as a growing list of participating World Reach countries!

|                        |                                |                        |                          |                      |
|------------------------|--------------------------------|------------------------|--------------------------|----------------------|
| Austria 022-905-012    | Czech Rep/Slovakia 00-42-00012 | Greece 00-800-171      | Lebanon 425-036          | Portugal 05 017-1234 |
| Bahamas 1-800-624-1000 | Denmark 8001-0072              | Haiti 001-800-444-1254 | Liechtenstein 155-0222   | Spain 900-99-0016    |
| Belgium 078-11-00-12   | Dominican Republic 170         | Hungary 00-800-0141    | Luxembourg 0800-0112     | Sweden 020-756-922   |
| Bolivia 0-800-2272     | Ecuador 170                    | India 000-121          | Monaco 19-00-19          | Switzerland 155-0272 |
| Brazil 000-9022        | Egypt 555-5770                 | Ireland 1-800-551-001  | Netherlands 06-022-94 77 | Turkey 99-800-117    |
| Chile 00-0316          | Finland 380-102-30             | Israel 172-1022        | Norway 050-12912         | Uruguay 0800-89-0222 |
| Colombia 580-16-0001   | France 39-62-15                | Italy 172-1022         | Peru 001-190             | Uruguay 000-412      |
| Cyprus 080-90000       | Germany 050-0012               | Japan 080011           | Poland 001-04-800-272    | Venezuela 800-114-0  |

\*Country-to-country calling may not be available to 50 from all MCI CALL USA locations. Certain restrictions apply. \*Wait for second dial tone. \*Available from most major cities when dialing outside of Cairo, dial 02 first. \*When dialing outside of Lima, the access number is 150. \*Limited availability. \*Collect calls to US only in some countries, public phones may require deposit of coin or phone card for dial tone. © MCI International, Inc., 1993. MCI, its logo, and all other MCI products and services mentioned herein, are proprietary marks of MCI Communications Corporation.

INTERNATIONAL Herald Tribune

China's Very Big Problem

China is a very big country with a very big problem: It has 7 percent of the earth's arable land — and more than 20 percent of all its people. Today they number 1.17 billion. In several decades they will probably number 1.9 billion.

Angola: A Page Turns

For eight months, successive American administrations withheld recognition from Angola's MPLA, the UN-approved winner of elections. The theory was that recognition would cost the United States its middleman's role in bringing the MPLA together with the challenger, Jonas Savimbi's UNITA guerrilla organization.

The Senators' Disservice

Senators David Boren, Democrat of Oklahoma, and John Danforth, Republican of Missouri, proposed a deficit reduction plan on Thursday that would, they say, cut about \$120 billion of taxes and \$160 billion of spending out of the Clinton budget plan.

Other Comment

Two Swipes at Burma's Junta

If the rulers of Burma think everything is going their way, then two significant developments this week should give them pause.

President Bill Clinton flexed his diplomatic muscle and called on the Burmese junta to free pro-democracy leader Daw Aung San Suu Kyi and respect the 1990 election results.

Bosnia: Another Worthwhile Idea, Likely to Be Ignored

By William Pfaff

PARIS—There once was an interest to be served by Western intervention in Yugoslavia: a crucial intervention — but was abandoned. That abandonment explains the rambling, acrimonious and indecisive debate about Bosnia going on today among the Western allies.

Kosovo, Battered and Fearful, Girds for Worse

By Jonathon Ledgard

LONDON—Here are two tales of Kosovo atrocities. From the Albanian media: An ethnic Albanian boy is nude to a Serbian woman; three Serbian policemen drag him into an alley. They beat him until his jawbone splits, then force a safety-pin down his throat.

Japan's 'Surplus Machine' Won't Be Easy to Stop

By Kenneth S. Courtis

TOKYO — In the first three months of this year, Japan's net external surplus — \$36.1 billion — was more than the current account surplus generated by Japan in the entire decade of the 1970s, and was one-third larger than the figure for the same period in 1992.

Don't Help The Chinese Oppressors

By A. M. Rosenthal

NEW YORK — The best way for the United States to help the Chinese people win relief from daily oppression is to keep enriching the Chinese economy through trade. Yes, that will also enrich the treasury of the Communist government and its ability to enforce Communist order.



Star Wars Is Dead! Long Live BMDO!

By Charles Krauthammer

WASHINGTON — In the most successful fake funeral since Tom Sawyer's, Defense Secretary Les Aspin last week buried "star wars," the missile defense system announced 10 years ago by Ronald Reagan. It was a dignified ceremony. Mr. Aspin called the press to announce the passing of the "star wars" idea and the Strategic Defense Initiative, established to carry it out. He had praise for the deceased, pointing out that SDI, which made the Soviets realize they could not compete with the United States, helped end the Cold War.

that crazy stuff like Iran and North Korea might soon be able to deploy chemical and biological weapons on rockets that release not one but dozens of small bombs. Cluster munitions could overwhelm with sheer numbers any defensive system.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1893: Irish in Hyde Park

LONDON — The Irish National League of Great Britain held a demonstration in Hyde Park yesterday (May 21) in support of the Home Rule Bill.

1943: Roosevelt's 'Cosh'

NEW YORK — [From our New York edition:] Admiral Isoroku Yamamoto, commander in chief of the combined Japanese fleet, who designed the surprise attack on Pearl Harbor, was killed last month in an air battle in the South Pacific, according to an imperial announcement yesterday (May 21) in Tokyo.

1918: Tobacco, a Staple

AMERICAN FRONT — The "doughboys" will now enjoy an issue of smokes. On the recommendation of General Pershing, the War Department has recognized tobacco as a soldier's necessity, just as much as food or clothing.

The writer, strategist and senior economist for Deutsche Bank in Asia, teaches at Keio and Tokyo universities and is chairman of the board of International International Studies in Tokyo. He contributed this column to the International Herald Tribune.

INTERNATIONAL HERALD TRIBUNE KATHARINE GRAHAM, ARTHUR OCHS SULZBERGER Co-Chairmen LEE W. HUBNER, Publisher JOHN VINCIGUERRA, Executive Editor... WALTER WELLS, News Editor... SAMUEL ABEI, KATHERINE KNORR and JONATHAN MITCHELL, MORE, Deputy Editors... GUY WELLS, Associate Editor... ROBERT L. DONAHUE, Editor in Chief... JONATHAN MITCHELL, Managing Editor... RENÉ BONDY, Deputy Publisher... RICHARD H. MORGAN, Associate Publisher... JUANITA CASPARI, International Advertising Director... ROBERT FARRER, Circulation Director, Europe... International Herald Tribune, 181 Avenue Charles-de-Gaulle, 92521 Neuilly-sur-Seine, France. Tel.: (1) 46.37.93.00. Telex: Circulation, 612832; Production, 630698. Directeur de la Publication: Richard D. Simmons Chairman from 1988 to 1992: John Hey Whitney Editor for Asia: Michael Richardson, 5 Canterbury Rd, Singapore 0511. Tel. 472-7768. Telex H836928. Hong Kong: 30 Gloucester Rd, Hong Kong, Tel. 8610616. Telex: 61170. U.K.: Garry Thorne, 63 Lang Acre, London WC2E, Tel. 836-4802. Telex 262009. Gen. Mgr. Germany: W. Lassewitz, Friedrichstr. 15, 6000 Frankfurt, Tel. (089) 28053. Telex 410721. Pres. U.S.: Michael Goren, 350 Third Ave., New York, NY 10022. Tel. (212) 726-3890. Telex: 427173. S.A. capital of 1,200,000 F. RCS Number: B 73201128. Constitution Partielle No. 61357 © 1993, International Herald Tribune. All rights reserved. ISSN: 0294-8122

JAVICO 1500

# Chen Kaige: Beyond the 5th Generation

By Joan Dupont  
International Herald Tribune

CANNES, France — Chen Kaige, born in Beijing, well over 6 feet tall, sports beige Japanese linen pants, a white Mao-style shirt and sneakers; a yellow string is knotted around his wrist. "For luck," he says.

Chen is surely China's most Westernized Fifth-Generation filmmaker. He had a small role in Bernardo Bertolucci's "The Last Emperor," made a music video for Duran Duran and has an Upper Westside apartment in New York. His films — from "Yellow Earth" (1984), to "Farewell to My Concubine," his entry in this year's competition at Cannes — show his country's tumultuous history and arose controversy.

Producing a film in China today is full of surprises. The Taiwan-born producer of "Concubine," Hsu Feng, who raised the money through her Hong-Kong based company, had the film made in Beijing studios. The film, which treats the subject of homosexual love, opened in Hong Kong in January and will be released throughout China in the fall, but because of Taiwan's quota system, it has been banned there.

"I'm very disappointed, but people will want to see it for three reasons," says Chen. "It's a hit in Hong Kong and people are interested in what goes on in Hong Kong; when they perform once more, two old hooves out of steam. Chen, whose father is a well-known Chinese director, was 14 when the Cultural Revolution broke out and ambitious to become a Red Guard. Asked to denounce his father, he complied: "I betrayed my father. I knew it was the wrong thing to do — I can't forgive my-

self. I had the choice of saying nothing, but I was selfish. I saw my father's face go white."

He has written about this in "My Life as a Red Guard," which was published in Japan. Now part of his son's cinema family, the father was on the set during shooting.

After working on a rubber plantation in southwest China, Chen joined the army and sided the Viet Cong. In 1978, he entered the Beijing Film Academy, graduating with the group of post-Cultural Revolution students who came to be known as the Fifth Generation — filmmakers like Yan Zhenzhang ("Home Sweet Home") and Zhang Yimou ("Raise the Red Lantern"), who was Chen's cinematographer. "I made my first two films with Zhang Yimou," he says. "Now he's a master."

Chen found adapting the screenplay from the novel exciting, and he made significant changes. "The Gong Li character was quite empty in the novel, just a shadow. I wanted her to be a little bit like Gong Li herself — smart, beautiful, strong, sometimes tough or tricky. Gong Li was great — she suffered a lot during the shooting because her sister was dying."

Although there is no nudity, Chen feels he has succeeded in



Chen Kaige, right, with the actor Zhang Fengyi.

showing a strong physical relationship between the three protagonists.

"And that's new; it was interesting to treat homosexuality for the first time." He talks about homosexuality as if it were a remote country: "We had homosexuality along time ago, during the Ming dynasty," he says. "I treated it in a very subtle way. I made up the character of Leslie's mother — she didn't exist in the novel. I wanted

her to be a prostitute, like Gong Li's part. The boy doesn't know anything good about sex with women. This is my idea and it works."

"An official in the industry told me, if you show naked bodies making love, your film will be banned; he subtle and it's fine," the director said.

Although people are more open-minded now in China, there were three censors on the film. "We directors are an easy target," Chen said. "I've been worried about this film every minute."

"Farewell to My Concubine" has done well since its Hong Kong release; the official reason that the film hasn't been released in Taiwan was that the quota of Taiwanese actors in supporting roles had not been filled, but casting was completed before the law came into effect.

"The real reason? We hate each other; we don't know each other because of propaganda," the director says.

And how would Chen feel if Miramax, the U.S. company that will release "Concubine" in the fall, wants to cut it down from nearly three hours? "They'd better ask me," he says. "But if they have good reasons... I made this film to be seen."

Chen, who keeps an apartment in New York, has been living in a hotel in Beijing for almost two years. Aware that this crossing of frontiers can leave a filmmaker with a bad reputation, he has never cut a deal with Hollywood — he acknowledges that this is a crucial moment in his career. "Every time I come to Cannes, I talk about doing a film on the Cultural Revolution — one day I want to do it. I have more energy now; I don't want to stop."

"And some day, you may hear that I'm making a commercial film in the States. Why not? I've had the title for a long time: A Maoist in New York. You like it? It could be a musical."

# A World View Of Asian Art In Washington

## Freer-Sackler Galleries Are Tribute to Collecting

International Herald Tribune

WASHINGTON — With the reopening of the Freer Gallery of Art on May 9 and its physical linkage to the Arthur M. Sackler Gallery built below ground level a few years ago, the most remarkable museum of Asian art in the world has become accessible to the public.

Nowhere else is it possible to look at some of the greatest works of art created in the Iranian world, including present-day Afghanistan and some Central Asian Republics, in India and its sphere of influence, in China, in Japan or in Korea. Taken separately, each of these cultures, excepting China, are bet-

Siegfried Bing, who spent most of his life in Paris, played a crucial role in making Japanese art familiar to the French collecting public. But it was Marcel Bing, Lawton said in an interview, who was the great connoisseur. When World War I broke out, Marcel Bing joined the British forces to fight the Germans. As a result, he was unable to look after his art business. Confronted with serious financial difficulties, the fighting dealer contacted Freer, offering to sell his group of archaic bronze vessels for \$100,000.

Even Freer, who had just invested \$1 million in the construction of the art museum he had long had in mind, did not have that money. As before in such circumstances, Freer turned to old friends, Ernest and Agnes Meyer, asking if they would go half-share with him.

They agreed, as before on similar occasions, eventually to bequeath them in their will to the museum in the making. And so it was that two of the most extraordinary Chinese bronzes in the world started the journey in time that was to end up at the Freer. One is a wine vessel shaped as a bird, which can be dated to the early fifth century B.C. and ascribed to the Eastern Zhou culture on the basis, among other things, of a related piece unearthed in 1987 at Taiyuan in Shanxi. This entered the Freer in 1961.

**SOUREN MELIKIAN**  
ter represented elsewhere in the West. It is the global approach that is fascinating and, even more perhaps, the twin approach of two great collectors, each with a different vision and different multiple focus.

Even though the Asian collection that Charles Lang Freer built up between 1894, when he embarked on his first tour of Asia, and his death in 1919 has been greatly added to since then, his imprint can still be made out in the present display.

**T**HANKS to the book written jointly by Thomas Lawton and Linda Merrill on "Freer, a Legacy of Art," one gets some idea of the striking figure cut by Freer. Born poor and forced to leave school at the age of 14 to work in a cement factory, he retired a millionaire by the time he turned 45.

His long journeys to Asia, which lasted for months on end despite his failing health, his encounters with Japanese collectors such as the banker Hara Tomitaro, his dispute with dealers who filled a disused Buddhist temple with their wares and disguised themselves as monks prepared to sell their objects — all make a good read. Freer was a tough nut. He was also superlatively intelligent and determined.

The self-discipline he had displayed in his career served him in good stead when he chose to become acquainted with cultures and art forms utterly alien to anything he had been used to. With the entrepreneur's ambitious vision, his avowed aim was to go after masterpieces. He often succeeded, venturing to look at objects that few in his time could recognize, let alone admire.

Freer's most astonishing achievement in this line is the collection of archaic Chinese bronzes, which he formed when hardly any Western collector knew anything about them. His great coup was the acquisition of a single but stunning piece of a single piece of *ding* yao (the ivory glazed porcelains with carved blossoms of the Song dynasty), not one *guan yao* (the Song



Stone Bodhisattva of China's Tang dynasty, 8th century.

celadons with a delicate tone of turquoise green so admired in China and in the West alike), or hardly any Tang vessel worth mentioning.

While it is an enchantment to come into the Korean room (there was none in the old days) with such unforgettable pieces as the tall vase of *maoyang* type with the white sprays on ashy black ground, one almost wonders whether the institution ever heard of the superb Korean bronzes ranging from the 11th to the 13th century. Themes, it seems, have prevailed.

psychiatrist, often underestimated in museums as in dealing circles, was endowed with a rare aptitude at recognizing great beauty. That includes restored pieces or objects of unassuming appearance at first glance. It is typical of Sackler to have bought one of the most beautiful bronze wine archaic bottles anywhere, with an owl mask on its bulbous body, but also an exceedingly delicate and rare turquoise Shang stylized bird, even if not in mint condition. His Chinese archaic pieces beautifully complement Freer's gallery by adding some not to be seen early in the century.

**W**HEN it comes to the Islamic world, one looks in vain for the room of Iranian art that the magnificent Freer holdings would easily allow. Instead, a few minimal groups of miniatures or objects leaving out some of the Freer's most famous works of art in storage appear here and there. The Mogul art of Persian-speaking India gets better exposure, but not Arab art. Here too some of the finest pieces are out of sight. Perhaps, it would appear, may have had something to do with artistic choices.

The imbalance is partly compensated for by the unique counterpoint formed by the Arthur M. Sackler Gallery rooms. The late

Similarity, Sackler brought silver vessels from ancient Iran unavailable in Freer's time. He acquired the most beautiful drinking horn of the Sassanian period (224 to 651 A.D.) on view in any museum. A few years ago, the Sackler, using funds from his endowment, made the most sensational and massive coup in recent museum annals. It bought at once the Henry Vever collection of Iranian miniatures. Not one is on view. The rotation of the collections, a sound principle adopted by the director of the two museums, Milo Beach, will allow many adjustments. It is not the least merit of this two-faceted museum of Asian art, with many more sides waiting to be discovered.

# 'Concubine': Panorama Of Gripping Grandeur

By Thomas Quinn Curtiss  
International Herald Tribune

CANNES, France — Chen Kaige's "Farewell to My Concubine" has overwhelmed the Cannes festival with its gripping grandeur. With inexhaustible vitality, the film relates the recent history of China, and against this background the destiny of two actors of the Beijing Opera and a concubine locked in an sexual triangle that ends in death.

Running for almost three hours, the film holds its audience rapt. Here in an astonishing production of wide and wonderful scope marked by its surety of touch as it displays the exquisite perfection of Beijing Opera spectacles, dance, songs and acrobats.

The Russian film in competition, Alexander Khrush's "Double-Decker," is a disappointment. It tells of Andrea, a young movie writer, who mugs men in public toilets and robs them to arrange the escape from prison of his former girlfriend, Tania, who is serving time for a crime she did not commit.

Paolo and Vittorio Taviani, two brothers who direct together, have wrought an enormous and extravagant romance in their latest offering, "Floride." The legend it has dramatized covers two centuries to recount the dégringolade of a proud Tuscan house. The film has some ravishing forest views, and its interiors and its costuming are of the finest, but it unfolds at a slow pace that kills. It must be set down as a beautiful bore.

Another film from Italy is Pupi Avati's "Magnificent." The story, set in a medieval town during Easter Week in the 10th century, concerns a number of the inhabitants who set off on a pilgrimage. The customs of the time are brutish, but Avati's approach to the rituals and faith suggests that a more mature religion grew as the Dark Ages receded.

Because the family is so hard up, Aaron's beloved younger brother is sent away to live with relatives. After his tubercular mother is put into a sanitarium, Aaron's father, who is not supposed to be unfeeling or stupid, blithely goes off to sell wristwatches in Nebraska. He leaves the boy to fend for himself without money or anyone to call on for help.

Somewhat, Soderbergh misses both the serious comedy and the drama of the situation. The movie is sweet and unselfish, but it frequently appears headless.

The world's economic and political chaos has taken its toll on Cannes this year. Movie makers seem to be either ignoring the world, incapable of coming to grips with it or unable to find the money and facilities with which to work.

# Down to the Wire for Cannes Jury As Competition Enters Final Days, the 'Elves' Are Worried

By Vincent Canby  
New York Times Service

CANNES, France — "Judgment," Jack Valenti said the other night, "is the elf who acts like a computer when you get to that fork in the road." If that's true, and there's no reason to disbelieve the president of the Motion Picture Association of America, then it's apparent that a lot of elves are at the point of nervous breakdown in the 46th Cannes International Film Festival enters its final days.

Valenti, speaking in his own memorable syntax at a black-tie dinner, was teasing a colleague for the consistency of his wisdom and vision in matters relating to the American movie business in Europe. The judgment of Valenti's colleague may still be firm, but elsewhere in Cannes, judgments are as unreliable as they are unpredictable. Neither elves nor computers work well here.

Two days ago, it seemed as if "The Piano," Jane Campion's post-od romantic comedy with a modern sensibility, would be a cinch to win the Palme d'Or, the festival's top prize, when the awards are announced on Monday night. Today, all that has changed. If the local reviews are any indication of how the jury may vote, then "The Piano" has a formidable rival in Chen Kaige's "Farewell to My Concubine," the only Chinese entry in the main competition.

"Farewell to My Concubine," screened on Wednesday night, is a nearly three-hour epic covering 50 years of recent Chinese history in sexual, social and political terms that would have been unthinkable in a Chinese film just a few years ago. It's a handsome, exotic, beautifully acted film, full of the kind of humanism that festival juries like to commend.

Shown in competition on Thursday night was "Spinning Heirs," the generally slapdash, neo-Monty Python English farce that opened in New York a few weeks ago. The main attraction on Thursday night was the out-of-competition screening of Sylvester Stallone's latest ac-

tion film, "Cliffhanger." Almost as big a surprise as the popularity of "Farewell to My Concubine" has been the hostility with which the European press has greeted "Faraway, So Close," a decidedly serious, elegantly made new film by Wim Wenders, who can usually do no wrong at Cannes. Among other things, he won the Palme d'Or for "Paris, Texas" in 1984. "Faraway, So Close" is the German filmmaker's follow-up to his immensely successful "Wings of Desire," for which he was given the best director's prize at the 1987 festival.

Although he resolutely denies that "Faraway, So Close" is a sequel to "Wings of Desire," it shares with the earlier film the same concerns and many of the same actors (Bruno Ganz, Otto Sander, Peter Falk and Solveig Dommartin) playing the same roles. It is also based on a strikingly similar situation: an angel's seduction by earthly love and the concept of mortality. In "Wings of Desire," it is the angel played by Ganz who falls to Earth to stay in the angel played by Sander. The setting is today's re-united Berlin. The new film also features Willem Dafoe and, as a new angel, Nastassia Kinski.

Clearly a disappointment to admirers of Steven Soderbergh, though not a film to be ashamed of,

# auCTION sales — IN FRANCE —

## DROUOT RICHELIEU

Room 9 at 2 p.m. MODERN & CONTEMPORARY PAINTINGS, Sculpture, CHATELAINNEAU, 134, rue du Faubourg St-Honoré, 75008 PARIS. Tel: (1) 45 59 66 56. Fax: (1) 42 56 52 57.

## Friday, 28 May

Room 11 at 2 p.m. AUTOGRAPHS, RIBIÈRE-BARON, 5, rue de Provence, 75009 Paris. Tel: (1) 47 70 87 05 - Fax: (1) 45 25 22 92.

## DROUOT MONTAIGNE

Room 15, avenue Montaigne, 75008 Paris - Tel: (1) 48 00 20 20.

## Thursday, 3 June

MODERN & CONTEMPORARY PAINTINGS & SCULPTURES at 8:30 p.m. Christian de QUAY, 8, rue Rossini, 75009 PARIS. Tel: (1) 47 70 61 15. Fax: (1) 47 70 55 71. In the presence of CHAMPIN-LOMBRARD-GAUTIER, 2, rue du Dr. Leraud, 95880 ENGHIEN. Tel: (1) 34 12 68 16 Fax: (1) 34 12 69 04.

## COLLECTOR'S GUIDE

## Spink deal in

English Paintings and Watercolours  
Oriental, Asian and Islamic Art  
Jewellery - Rarities - Medals  
Coins - Bullion - Banknotes

**SPINK**  
SPINK & SON LTD, 5, 4 & 7 KING ST,  
ST JAMES'S, LONDON, W1C 2JF.  
ENGLAND SW1Y 6QZ. TEL: 071-439 7888  
FAX: 071-439 4853. TELEFAX: 916711

## ART EXHIBITIONS

**PARIS**  
Manufacture in Aubusson, France  
**Galerie robert four**  
CARPETS & TAPESTRIES  
Purchase & Sale - Restoration - Expertise  
Estimations, Transport & Insurance free.  
Antique & Contemporary creations from Nini Anker - Polish  
Gauguin - Klee - Koz - Laporte - Lurcat - Magritte - Nolde - Modigliani  
Mondri - Nabis - Picasso - Rousseau - Ser - Taffel - Vasarely.  
28, rue Bonaparte, 75006 Paris.  
Tel: 33 (1) 43 29 30 40 - Fax: 33 (1) 43 29 33 95.

**GALERIE MERMOZ**  
6, rue Jean Mermoz - 75008 PARIS  
Tel: (1) 42 25 84 80 - Fax: (1) 40 75 03 90  
**PRE-COLOMBIAN ART**

**NEW YORK**  
**T CHELITCHEW**  
paintings & drawings  
color catalogue available  
**MICHAEL ROSENFIELD GALLERY**  
50 W. 57 St. New York, NY 10019 Phone: (212) 247-0082 Fax: (212) 247-0402

**SANTA FE**  
**NAGEN - DEWEY**  
SANTA FE  
Quality Old  
NAVJO & MEXICAN TEXTILES  
505-898-5038  
Est. 1975

**LONDON**  
**ST JAMES'S LONDON W1**  
MAGNIFICENTLY  
FITTED GALLERY  
(270 SQ. METRES)  
LEASE FOR SALE  
D. E. & J. LEVY  
TEL: 071 - 930 1070  
FAX: 071 - 930 3028

## ANTIQUES

UNDER THE PATRONAGE OF HER MAJESTY QUEEN ELIZABETH THE QUEEN MOTHER  
**The Grosvenor House Antiques Fair**  
THE ANTIQUE DEALERS FAIR  
9th-19th June 1993  
Grosvenor House, Park Lane, London W1  
**Charity Gala Evening:**  
10th June, 6.30pm-9.30pm. Tickets £100  
Contact: Help the Aged. Tel: 071-253 2926  
**Opening Times:**  
9th June, 5pm-8pm. 10th June, 11am-5.30pm  
Subsequent Weekdays 11am-8pm  
Weekends 11am-6pm  
**Admission:**  
9th-18th June: £12 single ticket including Handbook  
£20 double ticket including one Handbook  
19th June only: £6 per person excluding Handbook  
Children under 5 free. No pushchairs  
Concessionary rates available for students, and children under 17 years accompanied by an adult  
**Enquiries:**  
Tel: 071-499 6363 or, from 5th June, 071-629 0024

**FRENCH ANTIQUES**  
Bilingual guide to arrange  
buying tours for non french-  
speaking dealers/decorators.  
All styles, all periods.  
Contact: RAY LESTER  
Tel/Fax: 33 41 929325

**WE BUY AND SELL**  
JAPANESE ANTIQUES OF THE EDO &  
MEIJI ERAS. JAPANESE WEAPONRY,  
SWORDS & FITTINGS,  
FLYING CRANES ANTIQUES, LTD.  
Five Sitema, heart, Japanese bronzes  
& mixed metalwork, cloisonné & silver,  
Japanese swords, blades, sword fittings,  
armor helmets, bows, arrows, quivers & more.  
FLYING CRANES ANTIQUES, LTD.  
1050 Second Avenue, N.Y. 10022  
Tel: (212) 223-4009  
Fax: (212) 223-4401



## THE TRIB INDEX 100.59

International Herald Tribune World Stock Index, composed of 230 internationally investable stocks from 20 countries, compiled by Bloomberg Business News, Jan. 1, 1992 = 100.

| Region       | Approx. Weighting | Close  | Prev.  | % Change |
|--------------|-------------------|--------|--------|----------|
| Asia/Pacific | 27%               | 111.59 | 109.97 | +1.52    |
| Europe       | 40%               | 97.12  | 97.56  | -0.44    |
| N. America   | 33%               | 95.91  | 95.18  | +0.73    |

| Industrial Sectors | PL     | Pr     | %     | PL             | Pr     | %      |       |
|--------------------|--------|--------|-------|----------------|--------|--------|-------|
| Energy             | 101.25 | 101.73 | -0.16 | Capital Goods  | 99.49  | 99.30  | +0.19 |
| Utilities          | 108.56 | 108.13 | +0.44 | Raw Materials  | 101.80 | 101.67 | +0.12 |
| Finance            | 102.19 | 101.89 | +0.30 | Consumer Goods | 88.13  | 88.84  | -0.71 |
| Services           | 111.21 | 112.11 | -0.23 | Miscellaneous  | 103.59 | 102.75 | +0.84 |

## 8 Firms Are Fined In Tokyo For Cartel

**By Andrew Pollack**  
*New York Times Service*

**TOKYO**—In a conclusion to a closely watched antitrust case, a Tokyo court on Friday found eight companies guilty of fixing prices of plastic film used for wrapping food.

The companies were assessed fines of between 6 million and 8 million yen, or about \$54,000 to \$73,000. Fifteen executives of the companies were given suspended sentences of six months to one year in prison.

Japan has been under pressure from the United States to toughen its antitrust enforcement in an effort to end cartels and other collusive practices.

The food-wrap case, filed late in 1991, was the first criminal prosecution under Japan's antitrust laws since an incident against an oil cartel in 1974. The case was meant to show that Japan's historically weak Fair Trade Commission was getting tougher.

But if anything, the case came to symbolize the timidity of the commission. Critics said the agency was focusing on a minor case while not prosecuting much more serious cases, such as a huge construction industry bid-rigging case in a suburb of Tokyo. Indeed, some of the eight food-wrap companies did not deny price fixing but argued in court that it would be unfair to single them out since there were so many other more serious examples of price fixing in Japan.

The companies convicted Friday included Hitachi Borden Chemical Products Inc., owned partly by Borden of the United States. The others were Denki Kagaku Kogyo KK, Gunze Ltd., Mitsui Toatsu Chemicals Inc., Mitsubishi Plastics Industries Ltd., Nippon Carbide Industries Co., Riken Vinyl Industries Co. and Shin-Etsu Polymer Co.

**Manipulation Alleged**

Japan's 10-month-old securities watchdog filed its first criminal complaint Friday, accusing a speculator and a former finance company executive of manipulating stock prices. The Associated Press reported from Tokyo.

The action renews debate over whether the Securities and Exchange Surveillance Commission, set up in May 1992, can be an effective monitor of illicit activity in Japan's stock market.

The criminal complaint targets Makoto Araya, a speculator, and Hiroshi Kimura, former managing director of Sumitomo Fudosen Finance Co.

The official said the two are suspected of manipulating the price of Nihon Unisys on the Tokyo Stock Exchange between September 1990 and May 1991.

## JAL's Nemesis: America U.S. Carriers' Edge Worries Tokyo

**By Paul Blustein**  
*Washington Post Service*

**TOKYO**—Susumu Yamaji, chairman of Japan Air Lines, is facing an unusual problem for a Japanese business executive—ravenous competition from lean, mean American companies.

Unlike his Japanese counterparts in industries such as automobiles and electronics, Mr. Yamaji heads a company that is running far behind its American rivals in minimizing costs and aggressively luring consumers. Worse yet, those competitors—chiefly United Airlines and Northwest Airlines—are invading the only routes where JAL's fastest service and aggressively employ marketing techniques such as frequent-flyer programs.

So Mr. Yamaji is heading to Washington next week to press Japan's case that the rules governing air travel across the Pacific are unfair and that the fare-slashing American carriers' access to routes should be curbed. Otherwise, he said, "The U.S. carriers' strength may destroy foreign carriers."

Mr. Yamaji's effort to chip the wings of his American competitors is an example of the battles that are breaking out worldwide over international route access for American carriers, which offer relatively lowest service and aggressively employ marketing techniques such as frequent-flyer programs.

In the U.S. administration's view, the American airline industry is facing a wave of protectionist moves by countries such as France, Germany and Japan that are trying to change aviation rules and reduce the rights of American carriers to land on their terrain.

These countries' efforts to coddle their own inefficient carriers raise the cost of air travel, Washington contends, and constitute a trade barrier against one of the United States' most successful industries.

Their governments counter that their carriers, many of which were only downsized recently, are in no position to compete with American carriers who have been battle-tested by years of deregulation and cost-cutting competition.

JAL's case brings the issue into sharp focus as a possible confrontation looms between Tokyo and Washington over the matter. Each side is warning that it is prepared to impose sanctions on the other's flying and landing rights, evoking fears of a tit-for-tat conflict that could turn ugly.

Mr. Yamaji, who expects to meet with U.S. Transportation Secretary Federico F. Peña and

## U.S. and Japan Move Toward A Showdown

**By Steven Brull**  
*International Herald Tribune*

**TOKYO**—Any attempt by the administration of President Bill Clinton to force Japan to set targets for reducing its trade surplus would create a showdown with Tokyo and might spoil prospects for the economic summit meeting of leading industrial nations here in July, officials and economists said Friday.

Mr. Clinton's leading advisers have recommended that the United States press Tokyo to accept numerical targets for reducing its global surplus by as much as 50 percent over the next three years.

Such a reduction, however, is virtually impossible to achieve, according to a range of analysis and officials here. So Tokyo would resist the demand even at the risk of greater frictions with Washington and an unsuccessful summit meeting of the Group of Seven nations, they said.

"The Americans are insisting on something the Japanese know they can't deliver," said Jesper Koll, an economist at S.G. Warburg in Tokyo. "We're moving rapidly towards a brick wall."

Mr. Clinton's advisers are urging that he adopt the more confrontational economic policy that challenges Japan to cut its trade surplus. The Washington Post reported this week, quoting sources.

Japanese officials reacted harshly to that report, reiterating the now predictable line that numerical targets are tantamount to managed trade and should therefore be avoided. "At least at present, Japan is not considering setting any concrete goals such as promising to

## ECONOMIC SCENE Is That Distant Thunder The Guns of Trade War?

**By Joel Haverman and James Gerstzenzang**  
*Los Angeles Times Service*

**RUSSELS**—A world trade war: The mere possibility sends shivers down the spines of economists and business leaders around the globe, who remember all too well that the last trade war accompanied the Depression of the 1930s. Yet the risk may be greater than at any time since then.

"A trade war is totally out of the question except for the fact that it has a good chance of happening," says Bill Brock, the U.S. trade representative a decade ago and now a Washington consultant. "Everybody knows how unbelievably stupid it would be, but it has a reasonable chance of occurring because like most conflicts, it spins up out of a whole series of little things."

Some of those little things may already be happening.

The Clinton administration is regularly threatening to close some U.S. markets to European goods if the European Community does not dismantle various barriers. The U.S. trade deficit with Japan is triggering new demands by U.S. manufacturers that Washington restrict Japanese imports unless Tokyo opens its markets. The Community has already tightened its limits on Japanese car imports.

Other dangers loom. Negotiations aimed at liberalizing world trade have been stalled for more than two years and could collapse if agreement is not reached by the end of this year. The U.S. Congress is moving to reinstate the president's power to act against nations that run heavy trade surpluses with the United States. The industrial world could be moving toward three trade blocs: the European Community, East Asia and North America.

"A trade war," warned Jim Rollo, director of international economics for London's Royal Institute of International Affairs, "is something that will creep up on us."

U.S. Trade Representative Mickey Kantor insists that the last thing the United States wants is a trade war. His frequent threats of closing U.S. markets, he says, are meant merely to pry open foreign markets to American goods. But a senior official in Mr. Kantor's office conceded: "We're at a pivotal point. If things don't get better, they could go the other way. The stakes are pretty high."

A minority of economists find the prospect of a trade war less than alarming. Jeff Faux, president of the Washington-based Economic Policy Institute, says free trade means jobs go to low-paid foreigners instead of better-paid Americans. Manufacturers feeling hamstringing by U.S. environmental regulations move production overseas. Com-

## Talks in U.S. Seek Common Standard for HDTV

**By Lawrence Malkin**  
*International Herald Tribune*

**NEW YORK**—Leading high-technology companies were locked in a down-to-the-wire negotiation Friday on cooperating to develop a common standard for the next generation of television, which could also give them the inside track to the information highway of the future.

With the obsolescence of Japan's prototype system of high-definition television, the Federal Communications Commission has delegated the task of defining a U.S. version to an industry-wide panel of competitors representing manufacturers, cable companies, commercial and research laboratories and others.

They met in the Washington office of Richard Wiley, the former FCC chairman who now is a lawyer in private practice. Spokesmen for several of the companies involved said they fully expected a deal to be struck. By all accounts, the negotiations had shifted from the question of protecting domestic jobs that had been injected into the debate at the last minute by European companies and the U.S. administration, to the technical and commercial factors that have dominated the talks for months.

Another last-minute complication came from U.S. computer companies, which threatened to develop their own system if the one favored by broadcasters was adopted.

If the rivals fail to agree by this weekend, the FCC has threatened to demand separate tests of their systems at a cost of \$80,000 each. FCC officials say they have no desire to force the groups through this additional, expensive and bureaucratically complex hoop and want industry to get moving on an agreed basis.

Until the government demanded that they work together, three groups had been competing for official approval of their rival technologies. They are General Instruments Corp. and the Massachusetts Institute of

## U.S. Reporters Demand Access to Tokyo Results

**By Steven Brull**  
*International Herald Tribune*

**TOKYO**—A U.S. news agency stepped up its fight for equal access to information on Friday, entering the Japanese-only press club at the Tokyo Stock Exchange and demanding corporate earnings results at the same time as Japanese reporters.

After two journalists from Bloomberg Business News began asking corporate officials for earnings announcements, a group of Japanese journalists approached and asked them to stop. "They yelled at us to get out of the room," said David Butts, Tokyo Bureau Chief.

For the past 18 months, Bloomberg and other Western agencies have been lobbying for full membership in the Kabuto Club, as the press club at the

## U.K. Inflation Slows Due to Tax Change

*Compiled by Our Staff From Dispatches*

**LONDON**—Britain's annual inflation rate plunged to a 29-year low of 1.3 percent in April, the government reported Friday.

The chancellor of the Exchequer, Norman Lamont, interpreted the figure, the lowest since February 1964, as a sign that Britain was "firmly in the low-inflation camp" among industrial countries.

But independent economists said that a one-time tax factor had caused most of the drop and that upward pressure on prices remained.

The decline "clearly isn't going to be sustainable, and there's a real risk that we're in for another boom-bust" in the economy, said Martin Bell, treasury economist at Royal Bank of Scotland. "All of the decline was due to this special tax factor."

The council tax, based on the estimated value of property, replaced the community charge, a flat poll tax. The council tax for an average household was lower than the community charge.

An official of the Central Statistical Office said that shift had trimmed 0.7 of a percentage point off the annual rate, which was down from March's 1.9 percent. Earlier this week, the Bank of England said in its quarterly report on inflation that the effect from that change was likely to be reversed by June.

Inflation excluding both mortgage-interest costs and the local-government tax change showed a year-on-year rate of 3.3 percent in April, after 3.1 percent in February and 3.2 percent in March.

The government has a target of between 1 and 4 percent underlying inflation for the year.

"These figures were better than we were expecting, but they also suggest that there were a number of one-off factors here," said John Kendall, bond economist at Baring Brothers. "Many goods categories in the index, such as household goods and clothing and footwear, suggest inflation is brewing."

"From now on you'll see rates beginning to climb," he said.

The statistical office attributed much of the monthly rise in the headline rate to increases in excise duties announced in the British government budget, which came into effect at the beginning of April. Taxes were increased on gasoline, cigarettes and alcohol, among other things.

More of that is to come. The Bank of Eng-

## Small Electric Firm a Big Power in Pay

**By Alison Leigh Cowan**  
*New York Times Service*

**NEW YORK**—How much pay should the chairman and chief executive of a small public utility company get?

At Citizens Utilities, which is based in Stamford, Connecticut, \$21.6 million seems to be the right number. That was what Leonard Tow, a 64-year-old economist who runs the company, received last year, according to an independent valuation by a leading pay expert based on a study of the company's public records. That did not include the \$10.5 million that Mr. Tow received from Century Communications Corp., another publicly traded company he runs.

Neither figure includes other provisions in his employment contracts that will shower him with additional millions of dollars, regardless of the companies' performance.

One way to look at it is that more than 800,000 customers in 13 states who get their electricity, water, gas or telephone service from Citizens paid an average of \$26 each last year to provide Mr. Tow's pay.

Mr. Tow's fair for deal-making received national attention this week when Citizens announced the purchase of several small tele-

### CURRENCY & INTEREST RATES

May 21

| Cross Rates          | May 21 |
|----------------------|--------|
| American \$          | 1.265  |
| British £            | 1.625  |
| French F             | 1.635  |
| German M             | 1.635  |
| Italian L            | 1.635  |
| Japanese ¥           | 1.635  |
| Swiss S              | 1.635  |
| Other Dollar Values  |        |
| Canada C\$           | 0.75   |
| France F\$           | 6.5    |
| Germany M\$          | 6.5    |
| Italy L\$            | 6.5    |
| Japan ¥              | 100    |
| UK £                 | 1.635  |
| Switzerland S\$      | 6.5    |
| Other Interest Rates |        |
| 3-month T-bill       | 5.5%   |
| 6-month T-bill       | 5.5%   |
| 1-year T-bill        | 5.5%   |
| 3-month Euro         | 5.5%   |
| 6-month Euro         | 5.5%   |
| 1-year Euro          | 5.5%   |

### Small Electric Firm a Big Power in Pay

#### Citizens Utilities Chief's Package Is Valued at \$21.6 Million

**By Alison Leigh Cowan**  
*New York Times Service*

**NEW YORK**—How much pay should the chairman and chief executive of a small public utility company get?

At Citizens Utilities, which is based in Stamford, Connecticut, \$21.6 million seems to be the right number. That was what Leonard Tow, a 64-year-old economist who runs the company, received last year, according to an independent valuation by a leading pay expert based on a study of the company's public records. That did not include the \$10.5 million that Mr. Tow received from Century Communications Corp., another publicly traded company he runs.

Neither figure includes other provisions in his employment contracts that will shower him with additional millions of dollars, regardless of the companies' performance.

One way to look at it is that more than 800,000 customers in 13 states who get their electricity, water, gas or telephone service from Citizens paid an average of \$26 each last year to provide Mr. Tow's pay.

Mr. Tow's fair for deal-making received national attention this week when Citizens announced the purchase of several small tele-

MARKET DIARY

Interest-Rate Rise Undercuts Stocks

Bloomberg Business News NEW YORK — U.S. stocks slumped Friday as long-term interest rates rose above 7 percent to the highest level in seven weeks.

"When interest rates go up, stocks go down," said Dale Tills, manager of institutional equities trading at Charles Schwab & Co. in San Francisco.

The Dow Jones industrial average, which had surged 2.3 percent in the past two days to a record 3,523.28, fell 30.45 points or 0.9 percent to 3,492.83 on Friday.

The slump in stocks accelerated in the final hour of trading as investors unwound positions related to the expiration of stock-index options and options on individual stocks.

Declining common stocks led advances about 3 to 2 on the New York Stock Exchange. Trading was active, with almost 273.2 million shares traded on the Big Board.

The slump in stocks was tied mainly to the rise in interest rates. Edward Collins, executive vice president of institutional trading at Daiwa Securities America, said, "Simply put, the stock market needs interest rates to stay low if it's to rise further."

The yield on the 30-year Treasury bond rose as much as 4 basis points to 7.03 percent. The increase in interest rates was buoyed by a report suggesting the economy may be strengthening.

Traders said rumors about an improper computer-driven buy order made just before the New York Stock Exchange closed Thursday also contributed to Friday's decline in stock prices.

NYSE officials said they checked into the trade and found nothing wrong with it. U.S. stocks also had to contend with a resurgence in gold prices.

Gold for June delivery surged \$3.20 an ounce to \$377.90. The rise in gold prices helped darken the inflation picture, causing interest rates to rise, Mr. Collins said.

Novell fell 1.1 to 31.4 on Friday, after rising 10.1 percent in the past two sessions. The company is expected to report second-quarter earnings on Tuesday.

Other computer-related stocks also fell. Hewlett-Packard Co. lost 3 3/4 to 83%. Apple Computer Inc. declined 1 1/4 to 57%, and Microsoft Corp. fell 1 1/2 to 92 1/2.

Storage Technology Corp. declined 3 1/4 to 40 1/2. The producer of computer storage products agreed to acquire the closely held Amperit Corp.

U.S. stocks also had to contend with a resurgence in gold prices. Gold for June delivery surged \$3.20 an ounce to \$377.90.

Novell fell 1.1 to 31.4 on Friday, after rising 10.1 percent in the past two sessions. The company is expected to report second-quarter earnings on Tuesday.

Other computer-related stocks also fell. Hewlett-Packard Co. lost 3 3/4 to 83%. Apple Computer Inc. declined 1 1/4 to 57%, and Microsoft Corp. fell 1 1/2 to 92 1/2.



NYSE Most Actives

Table listing the most active stocks on the NYSE, including volume, price, and change.

NYSE Diary

Table showing market activity on the NYSE, including advanced, declined, and unchanged stocks.

Amex Diary

Table showing market activity on the Amex, including advanced, declined, and unchanged stocks.

NASDAQ Diary

Table showing market activity on the NASDAQ, including advanced, declined, and unchanged stocks.

Dow Jones Averages

Table showing Dow Jones Averages for various sectors like Industrials, Utilities, and Finance.

Standard & Poor's Indexes

Table showing Standard & Poor's Indexes for various sectors like Industrials, Utilities, and Finance.

NYSE Indexes

Table showing NYSE Indexes for various sectors like Industrials, Utilities, and Finance.

NASDAQ Indexes

Table showing NASDAQ Indexes for various sectors like Industrials, Utilities, and Finance.

AMEX Stock Index

Table showing AMEX Stock Index for various sectors like Industrials, Utilities, and Finance.

Dow Jones Bond Averages

Table showing Dow Jones Bond Averages for various sectors like Government, Corporate, and Municipal.

Market Sales

Table showing Market Sales for various sectors like NYSE, Amex, and NASDAQ.

NYSE Odd-Lot Trading

Table showing NYSE Odd-Lot Trading for various sectors like Industrials, Utilities, and Finance.

S&P 100 Index Options

Table showing S&P 100 Index Options for various sectors like Call and Put.

EUROPEAN FUTURES

Table showing European Futures for various commodities like Gold, Silver, and Copper.

Industrials

Table showing Industrials for various sectors like Aluminum, Steel, and Zinc.

Stock Indexes

Table showing Stock Indexes for various sectors like FTSE 100, Nikkei, and Hang Seng.

Spot Commodities

Table showing Spot Commodities for various sectors like Wheat, Soybeans, and Corn.

Dividends

Table showing Dividends for various sectors like AT&T, IBM, and Microsoft.

STOCK SPLIT

Table showing Stock Splits for various sectors like Apple, Microsoft, and Intel.

LONG GILT (LIFFE)

Table showing Long Gilt (LIFFE) for various sectors like 10-year and 20-year.

GERMAN GOVERNMENT BOND (LIFFE)

Table showing German Government Bond (LIFFE) for various sectors like 10-year and 20-year.

U.S. FUTURES

Table showing U.S. Futures for various commodities like Wheat, Soybeans, and Corn.

Grains

Table showing Grains for various sectors like Wheat, Soybeans, and Corn.

Metals

Table showing Metals for various sectors like Copper, Aluminum, and Zinc.

SOYBEAN MEAL (CBOT)

Table showing Soybean Meal (CBOT) for various sectors like 48% and 50%.

SOYBEAN OIL (CBOT)

Table showing Soybean Oil (CBOT) for various sectors like 18% and 20%.

Livestock

Table showing Livestock for various sectors like Cattle, Hogs, and Pigs.

FEEDER CATTLE (CBOT)

Table showing Feeder Cattle (CBOT) for various sectors like 1000 lbs and 1200 lbs.

HOGS (CBOT)

Table showing Hogs (CBOT) for various sectors like 100 lbs and 120 lbs.

POK BELLIES (CBOT)

Table showing Pork Bellies (CBOT) for various sectors like 100 lbs and 120 lbs.

Food

Table showing Food for various sectors like Coffee, Sugar, and Cocoa.

U.S. / AT THE CLOSE

\$4.6 Billion Expansion for May Stores

ST. LOUIS, Missouri (Reuters) — May Department Stores Inc. announced a plan on Friday to spend \$4.6 billion over the next five years to open 100 department stores and 1,200 stores.

Utah Bank Buying Discount Corp.

NEW YORK (Bloomberg) — Discount Corp. of New York, the last independent dealer of U.S. government securities, agreed Friday to be acquired for \$65 million by Zions Bancorp, a Utah bank holding company.

Warner Brothers Has Deal With Fuji

BURBANK, California (UPI) — Warner Brothers announced Friday a production deal with Fuji Television Network Inc. and Fuji, Japan's largest television production and distribution company.

Exxon Will Start Drilling in Nigeria

IRVING, Texas (UPI) — Exxon Corp. said Friday its Esso Exploration affiliate and Production Nigeria Ltd. had signed a production sharing agreement with the Nigerian National Petroleum Corp.

Production Opportunities in Nigeria

Exxon said the deal would give it the right to explore and operate a 500,000-acre (202,000-hectare) area off the Nigerian coast. Exxon said it would pursue efforts to find further exploration and production opportunities in Nigeria.

For the Record

Digitrax Systems Inc.'s stock was suspended Friday for 10 days by the Securities and Exchange Commission, which cited questions about the adequacy and accuracy of the company's earnings report for financial year 1992 and subsequent financial statements.

Liberty Media Corp. to Pay \$114.1 Million

Liberty Media Corp. is to pay \$114.1 million, 9 percent more than planned, to buy Home Shopping Network Inc. shares after an unexpectedly strong response to its tender offer. The purchase will increase Liberty's ownership of Home Shopping's voting stock to 71 percent from 65 percent and its equity stake to 41.5 percent from 23 percent.

WORLD STOCK MARKETS

Table showing World Stock Markets for various countries like Amsterdam, Helsinki, and Frankfurt.

Markets Closed

Stock markets in Brussels and Paris were closed Friday for a holiday.

Frankfurt

Table showing Frankfurt stock market activity for various sectors like AEG, Allianz, and BASF.

London

Table showing London stock market activity for various sectors like Abbey, Allied, and Anglo.

Milan

Table showing Milan stock market activity for various sectors like Agnelli, Alfa Romeo, and Benetton.

Madrid

Table showing Madrid stock market activity for various sectors like BBV, Banco Central, and Banco Santander.

Stockholm

Table showing Stockholm stock market activity for various sectors like ASEA, Astra, and Ericsson.

Zurich

Table showing Zurich stock market activity for various sectors like Adco, Alcon, and Nestle.

Sydney

Table showing Sydney stock market activity for various sectors like ANZ, AMP, and BHP.

Toronto

Table showing Toronto stock market activity for various sectors like AMH, BMO, and CIBC.

Amsterdam

Table showing Amsterdam stock market activity for various sectors like ABN, Alkerm, and Afd.

Helsinki

Table showing Helsinki stock market activity for various sectors like Aktia, Aktia, and Aktia.

Frankfurt

Table showing Frankfurt stock market activity for various sectors like AEG, Allianz, and BASF.

London

Table showing London stock market activity for various sectors like Abbey, Allied, and Anglo.

Milan

Table showing Milan stock market activity for various sectors like Agnelli, Alfa Romeo, and Benetton.

Madrid

Table showing Madrid stock market activity for various sectors like BBV, Banco Central, and Banco Santander.

Stockholm

Table showing Stockholm stock market activity for various sectors like ASEA, Astra, and Ericsson.

Zurich

Table showing Zurich stock market activity for various sectors like Adco, Alcon, and Nestle.

Sydney

Table showing Sydney stock market activity for various sectors like ANZ, AMP, and BHP.

U.S. / AT THE CLOSE

\$4.6 Billion Expansion for May Stores

ST. LOUIS, Missouri (Reuters) — May Department Stores Inc. announced a plan on Friday to spend \$4.6 billion over the next five years to open 100 department stores and 1,200 stores.

Utah Bank Buying Discount Corp.

NEW YORK (Bloomberg) — Discount Corp. of New York, the last independent dealer of U.S. government securities, agreed Friday to be acquired for \$65 million by Zions Bancorp, a Utah bank holding company.

Warner Brothers Has Deal With Fuji

BURBANK, California (UPI) — Warner Brothers announced Friday a production deal with Fuji Television Network Inc. and Fuji, Japan's largest television production and distribution company.

Exxon Will Start Drilling in Nigeria

IRVING, Texas (UPI) — Exxon Corp. said Friday its Esso Exploration affiliate and Production Nigeria Ltd. had signed a production sharing agreement with the Nigerian National Petroleum Corp.

Production Opportunities in Nigeria

Exxon said the deal would give it the right to explore and operate a 500,000-acre (202,000-hectare) area off the Nigerian coast. Exxon said it would pursue efforts to find further exploration and production opportunities in Nigeria.

For the Record

Digitrax Systems Inc.'s stock was suspended Friday for 10 days by the Securities and Exchange Commission, which cited questions about the adequacy and accuracy of the company's earnings report for financial year 1992 and subsequent financial statements.

Liberty Media Corp. to Pay \$114.1 Million

Liberty Media Corp. is to pay \$114.1 million, 9 percent more than planned, to buy Home Shopping Network Inc. shares after an unexpectedly strong response to its tender offer. The purchase will increase Liberty's ownership of Home Shopping's voting stock to 71 percent from 65 percent and its equity stake to 41.5 percent from 23 percent.

WORLD STOCK MARKETS

Table showing World Stock Markets for various countries like Amsterdam, Helsinki, and Frankfurt.

Markets Closed

Stock markets in Brussels and Paris were closed Friday for a holiday.

Frankfurt

Table showing Frankfurt stock market activity for various sectors like AEG, Allianz, and BASF.

London

Table showing London stock market activity for various sectors like Abbey, Allied, and Anglo.

Milan

Table showing Milan stock market activity for various sectors like Agnelli, Alfa Romeo, and Benetton.

Advertisement for 'Many's Leader's Choice' featuring a product image and text.

Advertisement for 'Prepares' featuring a product image and text.

Advertisement for 'Toward a Show' featuring a product image and text.

Advertisement for 'F INFO FROM INTERN' featuring a product image and text.

Advertisement for 'Light Sweet Crude (NYMEX)' featuring a product image and text.

Advertisement for 'Unleaded Gasoline (NYMEX)' featuring a product image and text.

Advertisement for 'Soybean Oil (CBOT)' featuring a product image and text.

Advertisement for 'Soybean Meal (CBOT)' featuring a product image and text.

Advertisement for 'Hogs (CBOT)' featuring a product image and text.

Advertisement for 'Pork Bellies (CBOT)' featuring a product image and text.

Advertisement for 'Cattle (CBOT)' featuring a product image and text.

Advertisement for 'Wheat (CBOT)' featuring a product image and text.

Advertisement for 'Soybeans (CBOT)' featuring a product image and text.

Advertisement for 'Corn (CBOT)' featuring a product image and text.

Advertisement for 'Copper (COMEX)' featuring a product image and text.

Advertisement for 'Aluminum (COMEX)' featuring a product image and text.

Advertisement for 'Zinc (COMEX)' featuring a product image and text.

Advertisement for 'Gold (COMEX)' featuring a product image and text.

Advertisement for 'Silver (COMEX)' featuring a product image and text.

# Germany's Insiders in Spotlight

## Union Leader's Case Underlines Laxness of Rules

By Ferdinand Protzman  
New York Times Service

BONN — Germany's lax views on insider stock trading came into focus this week when Franz Steinbühler, the nation's most powerful labor leader, was accused of engaging in insider trading by profiting handsomely from information he received as a member of the supervisory board of Daimler-Benz AG, the country's largest company.

While it is a crime in most other industrial countries, trading on insider information is not illegal in Germany and it is not unusual. The eight German stock exchanges try to prohibit it by a gentlemen's agreement, under which suspicious cases are investigated by an insider-trading commission appointed by the exchanges.

But the penalties are seldom more than a slap on the wrist. Like forcing insider traders to forfeit all or part of their profits, the commission is now investigating Mr. Steinbühler, president of the IG Metall metalworkers union — Germany's biggest union — on a transaction that netted him a profit of 64,000 Deutsche marks, or about \$40,500.

Although Mr. Steinbühler denies any wrongdoing and is not expected to resign, the insider-trading accusations have hurt his reputation at a time when he is helping to lead a huge strike over the pay of steel and metal workers in Eastern Germany. The accusations have also put the spotlight on Germany's relatively lax attitude toward trading on inside information.

"At a time when Frankfurt is trying very hard to compete with London as Europe's leading financial center, this is something we certainly did not need," said a senior banker in Frankfurt who asked not to be named. "It is a black eye for the market and could make foreign investors avoid German stocks. And legal or not, it was morally a very questionable thing for a trade union leader to do."

Legislators in Bonn have been trying to formulate tougher securities laws since 1991, when the Frankfurt exchange was tarnished by a major insider-trading scandal involving some 30 brokers.

But proposals that would make trading on insider information a criminal offense punishable by up to three years in prison or fines have been bogged down and all but forgotten.

The current investigation centers on the announcement on April 2 by Daimler-Benz's supervisory board that it planned to dissolve a subsidiary called Mercedes AG Holding and convert that unit's shares into Daimler-Benz stock on a 1-to-1 basis at the end of this year. That announcement drove up the price of Mercedes Holding shares, which at the time were trading nearly \$77.57 below Daimler shares.

The insider-trading commission began investigating because Mercedes Holding shares began rising several days before the announcement.

Mr. Steinbühler admits buying nearly 1 million DM worth of Mercedes Holding shares between March 18 and April 1, some of them on his son's account. He has since sold about 1,000 shares.

He said that he did not know any more about Mercedes Holding than the average newspaper reader and that he first learned of the deal on April 2, the second day of Daimler's two-day supervisory board meeting, when Hilmar Kopper, chairman of the supervisory board and chief executive of Deutsche Bank AG, announced the plan.

Some politicians and unionists demanded this week that Mr. Steinbühler step down from his union post and relinquish his seats on the supervisory boards of Daimler-Benz and Volkswagen AG. But others have voiced strong support for him and it appears likely that he will keep his posts.

# EC Panel Urges Action to Avert Currency Crises

AFP-Exel News

KOLDING, Denmark — European Community finance ministers meeting here Saturday are likely to endorse two reports on last September's currency upheavals, but acceptance may mask differences over the use of central bank intervention to calm markets, EC monetary sources said.

The ministers have before them two reports. One is from the EC monetary committee, which groups heads of national treasuries and deputy central bank governors, and one from the committee of EC central bank governors.

The monetary committee report backs greater use of intervention before currencies reach their limits in the exchange-rate mechanism, "in situations where market perceptions can be easily influenced."

The report recommends greater readiness by EC monetary authorities to catch the market unaware by taking decisions on economic policy changes earlier.

Such changes might concern domestic fiscal and monetary policy reforms, or the more flexible tools of interest-rate changes, foreign-exchange market intervention, or ERM realignment itself, it said.

Key principles the monetary committee recommends are more frank talking between member states, intensive concentration among central banks, and readiness of particular governments to head pressure from other EC partners for policy change.

The last point is likely to prove controversial since it could impinge on national sovereignty, the sources said. The monetary committee's report comes in the aftermath of last September's speculative pressure that forced Britain and Italy to withdraw their currencies from the currency grid in September. The strains have continued, as Spain and Portugal devalued their currencies last week.

Another issue that risks undermining EC determination to counter speculation is the Bundesbank's reluctance to intervene when not obliged by ERM rules to do so, the monetary sources said. The Bundesbank is concerned because intervention swells its money supply, adding to inflationary pressures at home, the sources said.

Another reason is that repayment of the Bundesbank's advances to support weaker currencies takes place in European currency units, which convert to fewer marks if the weak currency of the moment is devalued.

The central banks of Belgium, and to a lesser extent the Netherlands, have also expressed disquiet over these exchange losses after being forced to help support weaker ERM currencies.

Earlier this year, central bankers were thought to have reached informal agreement between themselves resolving this problem, but some monetary sources say the matter is unresolved and continues to rankle with the Bundesbank in particular.

This may yet prevent a new intervention policy, with full support from all EMS members, emerging from the review, the sources said.

As the price for continued, if reluctant, willingness to prop up the system, the Bundesbank insisted in the monetary committee's report on the need for weaker-currency countries to take action on the recommendations of other countries.

### Investor's Europe

| Exchange                  | Index | Change | Open | Close | Change |
|---------------------------|-------|--------|------|-------|--------|
| Frankfurt DAX             | 1250  | +10.20 | 1240 | 1250  | +10.20 |
| London FTSE 100           | 2400  | +10.00 | 2390 | 2400  | +10.00 |
| Paris CAC 40              | 3500  | +10.00 | 3490 | 3500  | +10.00 |
| Amsterdam AEX             | 1500  | +10.00 | 1490 | 1500  | +10.00 |
| Brexitel Stock Index      | 1000  | +10.00 | 990  | 1000  | +10.00 |
| Frankfurt FAZ             | 1000  | +10.00 | 990  | 1000  | +10.00 |
| Helsinki HEX              | 1000  | +10.00 | 990  | 1000  | +10.00 |
| London Financial Times 20 | 1000  | +10.00 | 990  | 1000  | +10.00 |
| London FTSE 100           | 2400  | +10.00 | 2390 | 2400  | +10.00 |
| Madrid General Index      | 1000  | +10.00 | 990  | 1000  | +10.00 |
| Milan ISE                 | 1000  | +10.00 | 990  | 1000  | +10.00 |
| Paris CAC 40              | 3500  | +10.00 | 3490 | 3500  | +10.00 |
| Stockholm Allsektorsindex | 1000  | +10.00 | 990  | 1000  | +10.00 |
| Vienna Stock Index        | 1000  | +10.00 | 990  | 1000  | +10.00 |
| Zurich SMI                | 1000  | +10.00 | 990  | 1000  | +10.00 |

### Very briefly:

- Bank of Portugal is to cut its discount rate from 14.5 percent to 13.5 percent with effect from Saturday. The bank said that it would also reduce its reference TBO bond rate from 16 percent to 14.5 percent. The two rates had been unchanged since March 1989.
- Thyssen Aufzuge GmbH, an elevator unit of Thyssen AG, said it bought a majority of a French rival, Compagnie Générale d'Applications Ascenseurs SA, from Compagnie Générale des Baux for an undisclosed sum.
- General Motors (Europe) AG's president, Louis Hughes, was elected a member of Deutsche Bank AG's supervisory board of directors.
- Adam Opel AG, a GM unit, is expected to report a drop in 1992 group pretax profit to 920 million Deutsche marks (\$571 million), from 1,075 billion DM a year earlier, the magazine TopBusiness said. The company would not comment, saying its results would be released June 22.
- Total Compagnie Française des Pétroles, the state-owned oil company, said test drilling at the Cupiagua field in Colombia was encouraging and confirmed "the presence of a significant amount of hydrocarbons."
- Swan Hunter, Britain's financially troubled shipyard, will lose 420 jobs from a total work force of 2,200, labor unions said. Swan Hunter called in receivers last week after it failed to win a key order.

# Kohl Prepares Germans for Austerity

Agence France-Press

BONN — Chancellor Helmut Kohl of Germany is preparing public opinion for a hard-hitting dose of economic austerity, the result of deepening recession.

Mr. Kohl urged his last cabinet meeting to prepare "severe economies" in ministerial budgets as part of the draft federal budget for 1994, which is to be adopted by the government on July 13 before being presented to parliament.

Before the meeting, Mr. Kohl met with Finance Minister Theo Waigel to express support for him in his meetings with ministers, a government spokesman said.

Meanwhile, Mr. Kohl removed an expensive draft bill to create pensions for the spouses of

farmers from the agenda for the cabinet meeting. Seriously painful measures had been delayed by the need to reach consensus in agreeing on the so-called "solidarity pact" in March.

A member of parliament of the Christian Democratic Union party that is led by Mr. Kohl, Christian Neuling, outlined the cuts under consideration in remarks to the newspaper Bild on Friday.

He said he might have to cut payments to the unemployed by 3 percent, cut pay for people on public-works projects by 25 percent and reduce state aid for the steel, coal and agricultural industries, totaling 120 billion Deutsche marks (\$75 billion) per year, by 10 percent.

He also suggested that the 75,000 skilled staff

employed by labor offices in the west of the country be reduced to 60,000.

Sources close to the governing coalition said that a project to provide help to those unable to look after themselves might be revised downward and family benefits might be reduced.

The solidarity pact, a program negotiated with the opposition Social Democrats, was intended to boost resources for reconstruction of the economy in Eastern Germany while improving the state of public finances.

Consequently, the new round of cuts is expected to come as a rude dose of reality for Germans believers that the pact had marked the end of belt-tightening.

# JAPAN: Toward a Showdown With Washington Over Trade Surplus?

(Continued from first finance page)

Australia and Southeast Asia. Japan will take its case to the 24-nation Organization for Economic Cooperation and Development at its ministerial-level meeting in Paris early next month. "I think Canada and some European nations will be opposed," a Foreign Ministry official said. Even if the Clinton proposal is rejected by multilateral organizations, however, Washington could press its case bilaterally.

That could derail hopes of major accomplishments at the Group of Seven summit meeting.

The United States, along with its allies, is hoping to use the summit meeting to help push the world economy out of its slump by promoting new growth initiatives and putting the leaders' stamp of approval on a key element of any global trade agreement, a package of measures designed to broaden market access for a wide variety of goods.

Japan's current-account surplus as a percentage of gross national product peaked in 1986 at 4.2 percent. GNP, a broader gauge of national output than GDP, was the standard of measurement in Japan

at that time. A year later, officials debating the need for structural changes necessary to shrink the imbalance toyed with the idea of setting a target for the surplus of 2 percent of GNP. The idea, however, was quietly shelved.

Tokyo's current-account surplus, nonetheless, began to fall rapidly due to the doubling of the yen's value against the dollar and stimulative monetary and fiscal policies that led to the late 1980s asset-inflation spiral of land and stock prices. The current-account surplus fell as low as 1.2 percent of GNP in 1990 as Japanese consumers bought on BMW, cars, French paintings and other luxury goods.

There is little scope for similar policies now, and little hope for similarly swift results. Even with trillions of yen in fiscal stimulus measures announced over the past year, the Japanese economy is unlikely to stage a recovery before later this year, even then, growth will be modest at best.

Japan's currency has appreciated more than 10 percent since the start of this year, a rapid move that will lead to greater imports. The increase in imports, however, will be

smaller than in the late 1980s because the yen's appreciation is proportionally smaller. Moreover, as Japanese companies marched upscale in the late 1980s to overcome the strong yen, their exports grew increasingly resistant to exchange-rate movements. For a host of products, from specialized machine tools to mini-disk players, Japan enjoys little competition.

Attempts to increase imports by altering structural features of Japan's economy, such as its complicated retail distribution system and inefficient land policies, would counter severe domestic political opposition. "It would be suicidal for the Japanese to agree to such interference in their domestic macro economy by an outside power," Mr. Koll said.

The remaining option, the one advocated by Tokyo, is for America to reduce its budget deficit and make its industries more competitive. "If the United States doesn't think about the problem by itself, who is going to think about it?" asked Mr. Hayashi, the finance minister.

**'Ambitious' on GATT**  
Arthur Dunkel, director-general of the General Agreement on Tariffs and Trade, says the Dec. 15 deadline set by the Clinton administration for finishing long-running multilateral trade negotiations is an "ambitious" target, Agence France-Press reported from Paris.

In an interview to appear on Monday in the magazine Valeurs Actuelles, Mr. Dunkel says, "Meeting that target will entail very concentrated negotiations, at a time when we are getting close to the traditional summer vacation period. Hence we risk running out of time in the second half of the year."

# If It Can Be Had 'for a Song,' Will It Cost More in Britain?

Bloomberg Business News

LONDON — Consumer groups say they're a ripoff. The industry says high prices are justified by high spending on development. The government is being asked to investigate.

That is the dissonant sound being made about music — specifically, about compact disks — in Britain today.

Derek Prentice, assistant director of the British Consumers Association, is the one making the ripoff charge, for reasons like these: "Dark Side of the Moon," a CD of the rock-music standard recorded by the British rock group Pink Floyd, generally sells for about £14.99 (\$23.31) in a major London record shop but only costs about \$14.99 — the equivalent of £10.44 when sales tax is added on — in a comparable New York outlet.

For those with other musical tastes, the story is much the same. The Welsh National Opera's version of the Mikado costs £14.49 in London but about £4 less than that in New York. "Divina" by the British star Annie Lennox is £1.53 cheaper in New York.

The British Phonographic Industry, which represents record companies in Britain, replies that preserving the large and varied repertoire of the British popular-music industry requires major spending on discovering new talent, a process referred to as A&R,

for artist and repertoire. The organization says the U.K. record industry invests as much as 13 percent of its sales in A&R, which it says is much more than the American record industry spends.

Tressan MacCarthy, an analyst at Panmore Gordon & Co., sides with the companies. "The U.K. spends far more on A&R than any other country," she said.

Last week, Bryan Carberg, director-general of the Office of Fair Trading, said he would ask the Monopolies and Mergers Commission to conduct an official investigation, after a panel of legislators recommended that British compact-disk prices be cut.

The committee, chaired by Gerald Kaufman, a member of Parliament for the opposition Labor party, said record companies could not give satisfactory explanations for the price differences.

The Consumer Association says record companies are using copyright law to keep out cheaper imported CDs. Some analysts say British music retailers insist on profit margins that are higher than those of their American counterparts.

But retailers insist this is not the case — a spokesman for W.H. Smith & Co. said its profit margins were "a lot smaller than you think" — and say the trans-Atlantic price difference is due to the economies of scale that the much larger American market allows.

# Kuwaiti Office Set to Appeal Swiss Seizure

Reuters

LONDON — The Kuwait Investment Authority, parent of the London-based Kuwait Investment Office, said on Friday it would seek to appeal a Swiss court order freezing its Swiss assets.

The freeze was obtained by the Spanish packaging company Sarriso SA in pursuit of its claims in Spain of some \$75 million against the KIO's Spanish investment arm, Grupo Torres.

The KIO statement said action against Torres was preliminary and that it had sought to have the Swiss action set aside.

KIO accounts in the Geneva banks Swiss Kuwaiti and Odier Lombard have been frozen.

The Swiss action by Sarriso followed the collapse of Kuwait's \$5 billion investments in Spain and the insolvency of Grupo Torres last year.

# FREE INFORMATION FROM INTERNATIONAL INVESTOR XXVII

INTERNATIONAL Herald Tribune

The latest information from the distinguished companies listed in this section is available to you at no charge. Simply circle the appropriate number on the coupon (at the bottom of the page) and return it to us before June 18. The report(s) will be mailed to you by the companies involved.

# ABB

The Asea Brown Boveri Group is a global, \$ 30 billion company serving electric power generation, transmission, and distribution customers as well as industrial and rail transportation markets. More than half of ABB's sales are in Europe, about one-fifth each in North America and Asia, and the remainder in South America and Africa.

# CS Holding

CS Holding is one of world's leading financial services groups. By building on our strengths we are shaping an institution capable of handling any major financial transaction. Worldwide, we focus on wholesale and investment banking, private banking and asset management, while in Switzerland we also have a strong position in retail banking. Our businesses are managed independently under their own well-established names, giving them the freedom they need to compete effectively in the global marketplace.

# Electrowatt

Electrowatt Ltd. is a Swiss holding company of a group of international companies active in the fields of energy, industry and services. These companies have established significant or leading positions in their markets: power supply, security systems, building management systems, electronics, general contracting and real estate, engineering.

Consolidated sales have increased by 35% to Sfr. 4.6 billion over the past 5 years. During the same period the consolidated net income has risen by 25% to Sfr. 192 million. Return on equity amounts to 9.3%. 61% of sales are generated outside of Switzerland, primarily in the EC.

# Schindler

## Schindler 1992

Schindler, one of the world's leading elevator and escalator manufacturers, offers its products and services 24 hours a day in more than 100 countries around the world. Every day, 500 million people use Schindler facilities. Group key figures in fiscal 1992: Orders received Sfr. 4202 million (US\$ 2898 million), operating income Sfr. 4457 million (US\$ 3074 million), net profit Sfr. 110.7 million (US\$ 76.3 million), cash flow Sfr. 284.5 million (US\$ 196.2 million), personnel 32,656. [Exchange rate applied: 1 US\$ = Sfr. 1.45].

# SULZER

Sulzer is a market-oriented, internationally successful Technology Corporation with 1992 sales of Sfr. 6,801 m.

Sulzer is active in the following sustainable markets: Weaving Machinery, Plant and Building Services, Medical Technology, Process Engineering, Reciprocating Compressors, Locomotives and Gensets, Surface Technology, Hydraulics, Thermal Turbomachinery, Paper Technology, and Pumps, for which it transforms its future-oriented and superior technological know-how into products and services which are attractive for its customers. Each product division strives to be technically excellent, leading profitable, and a leading partner to its customers. The annual report describes the company's strategic development and the excellent results it achieves achieved in 1992.

Mail this coupon or send telex to: Ann Doyle/International Investor XXVII, International Herald Tribune, 181, Avenue Charles-de-Gaulle, 92521 Neuilly Cedex, France. Telex: 613595 F. Fax: 46 37 52 12

Please send me the reports from the companies circled at no cost or obligation.

Check here:  if you would like information sent to you so that your company is included in our International Investor feature to appear in September 1993 please attach your business card.

# INTERNATIONAL Herald Tribune

1 2 3 4 5

Name \_\_\_\_\_  
Job Title \_\_\_\_\_  
Company \_\_\_\_\_  
Address \_\_\_\_\_  
City \_\_\_\_\_ Code \_\_\_\_\_  
Country \_\_\_\_\_

IHT2205

# CONFLICT: In the Wind, the Sounds of an Approaching Trade War?

(Continued from first finance page)

petition from abroad has all but wiped out some U.S. industries (consumer electronics) and devastated others (cars, steel, textiles). "We just don't think that the world's economy and the fate of Western civilization ride on whether we have more trade or less trade," Mr. Faux says.

In the view of most analysts, however, trade wars have nothing but losers. True, some manufacturers profit temporarily because their domestic markets are shielded. But even these manufacturers lose out in the long run: They become flabby and unable to survive fair competition from abroad.

"The early stages tend to be, on balance, politically pleasant," says Gary Hufbauer, an analyst with the Washington-based Center for International Economics. "But the inefficiencies and high costs come back to haunt you."

Companies that rely on foreign markets suffer during a trade war. The United States

exported \$448 billion-worth of goods last year, economists estimate that as many as 13 million Americans owed their jobs to international trade in goods. That does not count the \$178 billion in exports of such services as movies, telecommunications, shipping and banking.

The Paris-based Center for Forecasting and International Information has analyzed the probable consequences of a severe trade war. It assumed that total world trade would decline by nearly 20 percent. The center's analysts concluded that world economic output would be 15 percent lower in the year 2000 than it would be without a trade war. There would be 23 percent less economic output in industrial Asia, 13 percent less in Europe and 7 percent in the United States.

It is the United States that usually gets the blame for starting the last world trade war, in the Depression. The instrument was the infamous Smoot-Hawley Tariff Act of 1930, which sent tariffs soaring on most imports: hand tools

(45 percent); china and porcelain (60 percent); champagne (\$6 per gallon).

Smoot-Hawley triggered a tidal wave of retaliation, from Canada, Mexico, Britain, Germany, France, Japan and Australia, among others.

After World War II, the world's top trading nations set up the Geneva-based General Agreement on Tariffs and Trade, or GATT. Six rounds of negotiations under GATT auspices reduced average global tariffs on manufactured goods from 40 percent in 1950 to 4 percent today. The volume of world trade exploded.

Now 115 nations are participating in the seventh round of GATT negotiations, known as the Uruguay Round. The round's agenda, the GATT's most ambitious ever, includes tightening rules on such sensitive products as farm goods and textiles, where industrial countries are trying desperately to protect domestic workers from low-cost competition from abroad.

# NASDAQ

Friday's Prices  
NASDAQ prices as of 4 p.m. New York time. This list compiled by the AP, consists of the 1,000 most traded securities in terms of dollar value. It is updated twice a year.

| 12 Month High | Low | Stock     | Div  | Yld | PE | 12 Month High | Low | Stock     | Div  | Yld | PE |
|---------------|-----|-----------|------|-----|----|---------------|-----|-----------|------|-----|----|
| 110           | 100 | IBM       | 4.00 | 4.5 | 15 | 110           | 100 | IBM       | 4.00 | 4.5 | 15 |
| 100           | 90  | Microsoft | 0.00 | 0.0 | 15 | 100           | 90  | Microsoft | 0.00 | 0.0 | 15 |
| 90            | 80  | Oracle    | 0.00 | 0.0 | 15 | 90            | 80  | Oracle    | 0.00 | 0.0 | 15 |
| 80            | 70  | Intel     | 0.00 | 0.0 | 15 | 80            | 70  | Intel     | 0.00 | 0.0 | 15 |
| 70            | 60  | Sun       | 0.00 | 0.0 | 15 | 70            | 60  | Sun       | 0.00 | 0.0 | 15 |

| 12 Month High | Low | Stock     | Div  | Yld | PE | 12 Month High | Low | Stock     | Div  | Yld | PE |
|---------------|-----|-----------|------|-----|----|---------------|-----|-----------|------|-----|----|
| 100           | 90  | Microsoft | 0.00 | 0.0 | 15 | 100           | 90  | Microsoft | 0.00 | 0.0 | 15 |
| 90            | 80  | Oracle    | 0.00 | 0.0 | 15 | 90            | 80  | Oracle    | 0.00 | 0.0 | 15 |
| 80            | 70  | Intel     | 0.00 | 0.0 | 15 | 80            | 70  | Intel     | 0.00 | 0.0 | 15 |
| 70            | 60  | Sun       | 0.00 | 0.0 | 15 | 70            | 60  | Sun       | 0.00 | 0.0 | 15 |
| 60            | 50  | IBM       | 4.00 | 4.5 | 15 | 60            | 50  | IBM       | 4.00 | 4.5 | 15 |

| 12 Month High | Low | Stock     | Div  | Yld | PE | 12 Month High | Low | Stock     | Div  | Yld | PE |
|---------------|-----|-----------|------|-----|----|---------------|-----|-----------|------|-----|----|
| 100           | 90  | Microsoft | 0.00 | 0.0 | 15 | 100           | 90  | Microsoft | 0.00 | 0.0 | 15 |
| 90            | 80  | Oracle    | 0.00 | 0.0 | 15 | 90            | 80  | Oracle    | 0.00 | 0.0 | 15 |
| 80            | 70  | Intel     | 0.00 | 0.0 | 15 | 80            | 70  | Intel     | 0.00 | 0.0 | 15 |
| 70            | 60  | Sun       | 0.00 | 0.0 | 15 | 70            | 60  | Sun       | 0.00 | 0.0 | 15 |
| 60            | 50  | IBM       | 4.00 | 4.5 | 15 | 60            | 50  | IBM       | 4.00 | 4.5 | 15 |

# AMEX

Friday's Closing  
Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

| High | Low | Stock     | Div  | Yld | PE | High | Low | Stock     | Div  | Yld | PE |
|------|-----|-----------|------|-----|----|------|-----|-----------|------|-----|----|
| 100  | 90  | Microsoft | 0.00 | 0.0 | 15 | 100  | 90  | Microsoft | 0.00 | 0.0 | 15 |
| 90   | 80  | Oracle    | 0.00 | 0.0 | 15 | 90   | 80  | Oracle    | 0.00 | 0.0 | 15 |
| 80   | 70  | Intel     | 0.00 | 0.0 | 15 | 80   | 70  | Intel     | 0.00 | 0.0 | 15 |
| 70   | 60  | Sun       | 0.00 | 0.0 | 15 | 70   | 60  | Sun       | 0.00 | 0.0 | 15 |
| 60   | 50  | IBM       | 4.00 | 4.5 | 15 | 60   | 50  | IBM       | 4.00 | 4.5 | 15 |

| High | Low | Stock     | Div  | Yld | PE | High | Low | Stock     | Div  | Yld | PE |
|------|-----|-----------|------|-----|----|------|-----|-----------|------|-----|----|
| 100  | 90  | Microsoft | 0.00 | 0.0 | 15 | 100  | 90  | Microsoft | 0.00 | 0.0 | 15 |
| 90   | 80  | Oracle    | 0.00 | 0.0 | 15 | 90   | 80  | Oracle    | 0.00 | 0.0 | 15 |
| 80   | 70  | Intel     | 0.00 | 0.0 | 15 | 80   | 70  | Intel     | 0.00 | 0.0 | 15 |
| 70   | 60  | Sun       | 0.00 | 0.0 | 15 | 70   | 60  | Sun       | 0.00 | 0.0 | 15 |
| 60   | 50  | IBM       | 4.00 | 4.5 | 15 | 60   | 50  | IBM       | 4.00 | 4.5 | 15 |

| High | Low | Stock     | Div  | Yld | PE | High | Low | Stock     | Div  | Yld | PE |
|------|-----|-----------|------|-----|----|------|-----|-----------|------|-----|----|
| 100  | 90  | Microsoft | 0.00 | 0.0 | 15 | 100  | 90  | Microsoft | 0.00 | 0.0 | 15 |
| 90   | 80  | Oracle    | 0.00 | 0.0 | 15 | 90   | 80  | Oracle    | 0.00 | 0.0 | 15 |
| 80   | 70  | Intel     | 0.00 | 0.0 | 15 | 80   | 70  | Intel     | 0.00 | 0.0 | 15 |
| 70   | 60  | Sun       | 0.00 | 0.0 | 15 | 70   | 60  | Sun       | 0.00 | 0.0 | 15 |
| 60   | 50  | IBM       | 4.00 | 4.5 | 15 | 60   | 50  | IBM       | 4.00 | 4.5 | 15 |

| High | Low | Stock     | Div  | Yld | PE | High | Low | Stock     | Div  | Yld | PE |
|------|-----|-----------|------|-----|----|------|-----|-----------|------|-----|----|
| 100  | 90  | Microsoft | 0.00 | 0.0 | 15 | 100  | 90  | Microsoft | 0.00 | 0.0 | 15 |
| 90   | 80  | Oracle    | 0.00 | 0.0 | 15 | 90   | 80  | Oracle    | 0.00 | 0.0 | 15 |
| 80   | 70  | Intel     | 0.00 | 0.0 | 15 | 80   | 70  | Intel     | 0.00 | 0.0 | 15 |
| 70   | 60  | Sun       | 0.00 | 0.0 | 15 | 70   | 60  | Sun       | 0.00 | 0.0 | 15 |
| 60   | 50  | IBM       | 4.00 | 4.5 | 15 | 60   | 50  | IBM       | 4.00 | 4.5 | 15 |

| High | Low | Stock     | Div  | Yld | PE | High | Low | Stock     | Div  | Yld | PE |
|------|-----|-----------|------|-----|----|------|-----|-----------|------|-----|----|
| 100  | 90  | Microsoft | 0.00 | 0.0 | 15 | 100  | 90  | Microsoft | 0.00 | 0.0 | 15 |
| 90   | 80  | Oracle    | 0.00 | 0.0 | 15 | 90   | 80  | Oracle    | 0.00 | 0.0 | 15 |
| 80   | 70  | Intel     | 0.00 | 0.0 | 15 | 80   | 70  | Intel     | 0.00 | 0.0 | 15 |
| 70   | 60  | Sun       | 0.00 | 0.0 | 15 | 70   | 60  | Sun       | 0.00 | 0.0 | 15 |
| 60   | 50  | IBM       | 4.00 | 4.5 | 15 | 60   | 50  | IBM       | 4.00 | 4.5 | 15 |

| High | Low | Stock     | Div  | Yld | PE | High | Low | Stock     | Div  | Yld | PE |
|------|-----|-----------|------|-----|----|------|-----|-----------|------|-----|----|
| 100  | 90  | Microsoft | 0.00 | 0.0 | 15 | 100  | 90  | Microsoft | 0.00 | 0.0 | 15 |
| 90   | 80  | Oracle    | 0.00 | 0.0 | 15 | 90   | 80  | Oracle    | 0.00 | 0.0 | 15 |
| 80   | 70  | Intel     | 0.00 | 0.0 | 15 | 80   | 70  | Intel     | 0.00 | 0.0 | 15 |
| 70   | 60  | Sun       | 0.00 | 0.0 | 15 | 70   | 60  | Sun       | 0.00 | 0.0 | 15 |
| 60   | 50  | IBM       | 4.00 | 4.5 | 15 | 60   | 50  | IBM       | 4.00 | 4.5 | 15 |

| High | Low | Stock     | Div  | Yld | PE | High | Low | Stock     | Div  | Yld | PE |
|------|-----|-----------|------|-----|----|------|-----|-----------|------|-----|----|
| 100  | 90  | Microsoft | 0.00 | 0.0 | 15 | 100  | 90  | Microsoft | 0.00 | 0.0 | 15 |
| 90   | 80  | Oracle    | 0.00 | 0.0 | 15 | 90   | 80  | Oracle    | 0.00 | 0.0 | 15 |
| 80   | 70  | Intel     | 0.00 | 0.0 | 15 | 80   | 70  | Intel     | 0.00 | 0.0 | 15 |
| 70   | 60  | Sun       | 0.00 | 0.0 | 15 | 70   | 60  | Sun       | 0.00 | 0.0 | 15 |
| 60   | 50  | IBM       | 4.00 | 4.5 | 15 | 60   | 50  | IBM       | 4.00 | 4.5 | 15 |

| High | Low | Stock     | Div  | Yld | PE | High | Low | Stock     | Div  | Yld | PE |
|------|-----|-----------|------|-----|----|------|-----|-----------|------|-----|----|
| 100  | 90  | Microsoft | 0.00 | 0.0 | 15 | 100  | 90  | Microsoft | 0.00 | 0.0 | 15 |
| 90   | 80  | Oracle    | 0.00 | 0.0 | 15 | 90   | 80  | Oracle    | 0.00 | 0.0 | 15 |
| 80   | 70  | Intel     | 0.00 | 0.0 | 15 | 80   | 70  | Intel     | 0.00 | 0.0 | 15 |
| 70   | 60  | Sun       | 0.00 | 0.0 | 15 | 70   | 60  | Sun       | 0.00 | 0.0 | 15 |
| 60   | 50  | IBM       | 4.00 | 4.5 | 15 | 60   | 50  | IBM       | 4.00 | 4.5 | 15 |

| High | Low | Stock     | Div  | Yld | PE | High | Low | Stock     | Div  | Yld | PE |
|------|-----|-----------|------|-----|----|------|-----|-----------|------|-----|----|
| 100  | 90  | Microsoft | 0.00 | 0.0 | 15 | 100  | 90  | Microsoft | 0.00 | 0.0 | 15 |
| 90   | 80  | Oracle    | 0.00 | 0.0 | 15 | 90   | 80  | Oracle    | 0.00 | 0.0 | 15 |
| 80   | 70  | Intel     | 0.00 | 0.0 | 15 | 80   | 70  | Intel     | 0.00 | 0.0 | 15 |
| 70   | 60  | Sun       | 0.00 | 0.0 | 15 | 70   | 60  | Sun       | 0.00 | 0.0 | 15 |
| 60   | 50  | IBM       | 4.00 | 4.5 | 15 | 60   | 50  | IBM       | 4.00 | 4.5 | 15 |

| High | Low | Stock     | Div  | Yld | PE | High | Low | Stock     | Div  | Yld | PE |
|------|-----|-----------|------|-----|----|------|-----|-----------|------|-----|----|
| 100  | 90  | Microsoft | 0.00 | 0.0 | 15 | 100  | 90  | Microsoft | 0.00 | 0.0 | 15 |
| 90   | 80  | Oracle    | 0.00 | 0.0 | 15 | 90   | 80  | Oracle    | 0.00 | 0.0 | 15 |
| 80   | 70  | Intel     | 0.00 | 0.0 | 15 | 80   | 70  | Intel     | 0.00 | 0.0 | 15 |
| 70   | 60  | Sun       | 0.00 | 0.0 | 15 | 70   | 60  | Sun       | 0.00 | 0.0 | 15 |
| 60   | 50  | IBM       | 4.00 | 4.5 | 15 | 60   | 50  | IBM       | 4.00 | 4.5 | 15 |

| High | Low | Stock     | Div  | Yld | PE | High | Low | Stock     | Div  | Yld | PE |
|------|-----|-----------|------|-----|----|------|-----|-----------|------|-----|----|
| 100  | 90  | Microsoft | 0.00 | 0.0 | 15 | 100  | 90  | Microsoft | 0.00 | 0.0 | 15 |
| 90   | 80  | Oracle    | 0.00 | 0.0 | 15 | 90   | 80  | Oracle    | 0.00 | 0.0 | 15 |
| 80   | 70  | Intel     | 0.00 | 0.0 | 15 | 80   | 70  | Intel     | 0.00 | 0.0 | 15 |
| 70   | 60  | Sun       | 0.00 | 0.0 | 15 | 70   | 60  | Sun       | 0.00 | 0.0 | 15 |
| 60   | 50  | IBM       | 4.00 | 4.5 | 15 | 60   | 50  | IBM       | 4.00 | 4.5 | 15 |

| High | Low | Stock     | Div  | Yld | PE | High | Low | Stock     | Div  | Yld | PE |
|------|-----|-----------|------|-----|----|------|-----|-----------|------|-----|----|
| 100  | 90  | Microsoft | 0.00 | 0.0 | 15 | 100  | 90  | Microsoft | 0.00 | 0.0 | 15 |
| 90   | 80  | Oracle    | 0.00 | 0.0 | 15 | 90   | 80  | Oracle    | 0.00 | 0.0 | 15 |
| 80   | 70  | Intel     | 0.00 | 0.0 | 15 | 80   | 70  | Intel     | 0.00 | 0.0 | 15 |
| 70   | 60  | Sun       | 0.00 | 0.0 | 15 | 70   | 60  | Sun       | 0.00 | 0.0 | 15 |
| 60   | 50  | IBM       | 4.00 | 4.5 | 15 | 60   | 50  | IBM       | 4.00 | 4.5 | 15 |

| High | Low | Stock     | Div  | Yld | PE | High | Low | Stock     | Div  | Yld | PE |
|------|-----|-----------|------|-----|----|------|-----|-----------|------|-----|----|
| 100  | 90  | Microsoft | 0.00 | 0.0 | 15 | 100  | 90  | Microsoft | 0.00 | 0.0 | 15 |
| 90   | 80  | Oracle    | 0.00 | 0.0 | 15 | 90   | 80  | Oracle    | 0.00 | 0.0 | 15 |
| 80   | 70  | Intel     | 0.00 | 0.0 | 15 | 80   | 70  | Intel     | 0.00 | 0.0 | 15 |
| 70   | 60  | Sun       | 0.00 | 0.0 | 15 | 70   | 60  | Sun       | 0.00 | 0.0 | 15 |
| 60   | 50  | IBM       | 4.00 | 4.5 | 15 | 60   | 50  | IBM       | 4.00 | 4.5 | 15 |

| High | Low | Stock     | Div  | Yld | PE | High | Low | Stock     | Div  | Yld | PE |
|------|-----|-----------|------|-----|----|------|-----|-----------|------|-----|----|
| 100  | 90  | Microsoft | 0.00 | 0.0 | 15 | 100  | 90  | Microsoft | 0.00 | 0.0 | 15 |
| 90   | 80  | Oracle    | 0.00 | 0.0 | 15 | 90   | 80  | Oracle    | 0.00 | 0.0 | 15 |
| 80   | 70  | Intel     | 0.00 | 0.0 | 15 | 80   | 70  | Intel     | 0.00 | 0.0 | 15 |
| 70   | 60  | Sun       | 0.00 | 0.0 | 15 | 70   | 60  | Sun       | 0.00 | 0.0 | 15 |
| 60   | 50  | IBM       | 4.00 | 4.5 | 15 | 60   | 50  | IBM       | 4.00 | 4.5 | 15 |

| High | Low | Stock     | Div  | Yld | PE | High | Low | Stock     | Div  | Yld | PE |
|------|-----|-----------|------|-----|----|------|-----|-----------|------|-----|----|
| 100  | 90  | Microsoft | 0.00 | 0.0 | 15 | 100  | 90  | Microsoft | 0.00 | 0.0 | 15 |
| 90   | 80  | Oracle    | 0.00 | 0.0 | 15 | 90   | 80  | Oracle    | 0.00 | 0.0 | 15 |
| 80   | 70  | Intel     | 0.00 | 0.0 | 15 | 80   | 70  | Intel     | 0.00 | 0.0 | 15 |
| 70   | 60  | Sun       | 0.00 | 0.0 | 15 | 70   | 60  | Sun       | 0.00 | 0.0 | 15 |
| 60   | 50  | IBM       | 4.00 | 4.5 | 15 | 60   | 50  | IBM       | 4.00 |     |    |



# THE MONEY REPORT

## FIRST COLUMN

### War Apart, EC Fails at Easy Things

To criticize Europe, specifically the European Community, for its lack of unity, purpose and cohesion in responding to the appalling events in Bosnia and the other semi-nation states that exist where Yugoslavia used to be is fashionable, but unfair.

But where the Community can justify being criticized is in its failure to get the easy things right. Compared to mobilizing an army, sorting out a pan-European market in such mundane matters as pensions, bank accounts, insurance and mutual funds really ought to be child's play. Unfortunately, not all children can solve even elementary puzzles.

Citizens of Asian nationality (and, to a lesser extent, U.S. nationals) often find themselves better served by the brave new pan-European market of 1993 than European nationals living outside their EC homeland.

Americans, for example, benefit from an extremely limited treaty of reciprocity with France concerning pension and other rights. Whereas Europeans employed in France find themselves with pension rights that are virtually useless to them outside that country. Similar stories occur in Germany, arguably Europe's most over-protected insurance market.

So let's tone down the calls of shame for the inadequate, but understandable, response to the EC's Balkan problem. Where Europe is really failing is in getting the easy things right.

## Japan's Stock Market Settles Down

By Rupert Bruce

JAPAN'S stock market has probably made more fortunes only to burn more fingers than almost any other during the past decade. Its Nikkei 225 average rose fivefold between 1980 and its peak in 1989, only to lose more than half its value by its nadir in August 1992. But this year, currently trading around the 20,300 level, the market has rallied strongly, prompting nervous investors to ask themselves: Has this dangerous bear market really ended?

The investment bank Morgan Stanley thinks so. It says the Nikkei should reach a maximum of 25,000 in the medium term. Last week it briefly breached 21,000 for the first time in more than a year.

David Roche, global strategist, also says in the latest note on Japan: "The profile of the Japanese equity market has changed from that of high-risk, post-bubble bomb shelter to one where globally competitive blue chip equities abound at reasonable value. On a risk-adjusted basis, Japan is at or near par with either the U.S. or Europe."

But many Western investors are still confused by what has always confused them. At first glance, share prices seem very expensive. The Nikkei is up almost 30 percent from this year's lows and the market's prospective price-earnings ratio for 1993 — the standard measure of value — is up to more than 80, according to Morgan Stanley's research estimates. That is a lot considering that many crystal ball-gazing analysts don't see any significant recovery in corporate Japan until mid-1994.

Simon Fraser, a London-based director of Fidelity Investment Services with responsibility for managing a number of Japan funds, who also forecasts a level of 28,000 for the Nikkei said: "The skeptics will argue that this move is not justified, it is just window-dressing because of weight of money and it is not justified by fundamentals. I would argue

that the market is probably telling us something about what is going to happen to the fundamentals, but it is just so far out that we can't see it. In other words it is probably discounting a big recovery in earnings which might not occur until 1994."

According to brokers and investment managers this rally has been and should continue to be largely driven by domestic money being invested in the market. Japanese domestic investors are earning no more than 3.5 percent after taxes from deposit accounts and so, providing the stock market does not fall, they have little to lose and everything to gain from buying shares.

American investors, too, may feel they have little to lose. They are reported to have been buying heavily in the recent rally. Mr. Fraser said they have been running out of alternatives with U.S. stocks thought to be fully valued and the Asian Tiger markets having had a strong run.

In addition, the Japanese government is reported to have directed late last year that a big chunk of public-sector investment money be used to buy the market.

Morgan Stanley believes that the key is a continuing decline in local interest rates. Alexander Kinnmont, a Japan analyst, said: "Things are going to be dominated very much in the short run by short-term interest rates."

"The house view," he added, "is that we will get downward movement on interest rates. It may or may not include a formal cut in the official discount rate. The market has in the past shown itself to be pretty sensitive at times like these to a decline in short-term rates relative to dividend yields and if they go further I think we could find the market going up."

But a glance at price-earnings ratios suggests that the market is extremely high by Western standards. The chief 1980s justification for this was there was a price to pay for the dynamism of corporate Japan and the potential stock market rewards. Today,

prospects are less heady, but so too are share prices.

Mr. Fraser concedes that the market looks expensive if one looks at price-earnings ratios, but says if other less common, and perhaps more revealing, indicators are used it looks cheap.

"Interestingly, one of the reasons that American investors are buying Japanese stocks is that on a cash-flow analysis basis and on a price-to-book-value basis they are finding companies that are cheaper than similar companies in America. And it is not just the small, quirky companies, it is things like Sony, Hitachi, Toshiba, and Toyota they think are actually very cheap in relation to their cash flow and also their previous peak earnings," he said.

Mr. Kinnmont says that the rarity of new companies coming to the market and corporate modesty help to explain why Japan has always seemed expensive.

"My view is that the answer ultimately lies in the fact that Japan has been extremely poor at providing us with big new companies to invest in whereas in America there is a constant flow, with perhaps 150 new companies coming to Nasdaq every year."

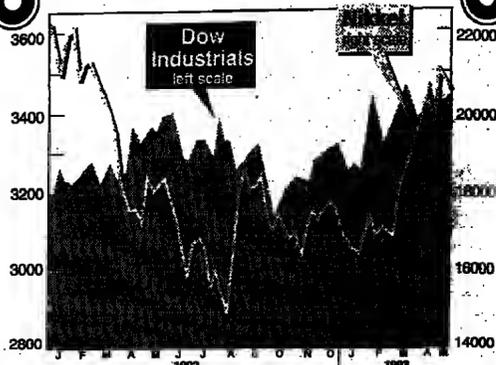
"In Japan, for instance, you buy Hitachi for one division one year and the next you buy it for a different division. It is sort of two steps forward and one step back. I think that is one of the underlying reasons why the market has tended to go up."

"The other thing is of course that businesses are not necessarily managed for shareholders or profits made visible to shareholders."

But, notwithstanding the short-term bullishness, there is a school of thought that believes in the long-term Japan will never return to the economic growth rates and market returns of the 1980s. Among the common reasons given are: An aging population, a long-term trend toward higher interest rates, and the movement of manufacturing offshore to low labor-cost countries.

### Beating Back the Bears

The Tokyo Stock Exchange compared with New York blue chips.



### Best performing Mutual Funds Investing into Japan

Over 1 year to May 17, 1993 Over 5 years to May 17, 1993

| Fund                          | Performance | Fund                            | Performance |
|-------------------------------|-------------|---------------------------------|-------------|
| JF Japan OTC                  | 187.85      | Morgan Grenfell Japan Small Cos | 323.38      |
| KB Japanese Warrant           | 185.20      | Royal Life/Hand Japan Smk Cos   | 213.94      |
| Prudential Japanese           | 187.01      | JF Pac Warrant Prof Shares (m)  | 203.82      |
| Invesco Mm PG Nippon Eprints  | 185.38      | GAM Japan                       | 203.07      |
| JF Nikkei                     | 182.78      | Handison HF Japanese Smk Cos    | 187.27      |
| PM Japan Growth               | 181.70      | Schroder Japanese Sm Cos        | 183.77      |
| Carlson Japan                 | 181.12      | Dunedin Japan Smaller Cos       | 181.37      |
| Dunedin Japan Growth          | 180.92      | Philstar Japan Smaller Cos Lte  | 172.77      |
| Allied Dunbar Japan           | 180.28      | Mersey 51 Yen Global Bond       | 157.49      |
| Fidelity Fds Japan Smaller Co | 180.92      | Bond Valor Yen                  | 153.85      |

Value of \$100 income reinvested, excluding charges.

Sources: Micropal

International Herald Tribune

Mr. Fraser said: "I think this whole period of great volatility in Japan will be seen as a period when the growth pattern of Japan changed from a really fast growth economy to a more mature cyclical economy."

"I think within the stock market that will be rally significant because the bigger companies will probably have to be revalued

because their growth rates will be much slower. I think that the big companies like Sony, Hitachi and Toyota will probably not do much in stock market terms within the next ten years."

"But I think some of the smaller companies will do extremely well particularly in the service related industries."

## BRIEFCASE

### When Purchasing Stocks, Wait Until Folks Are the Grumpiest

The lack of consumer confidence, recently reported at 62.6 percent, should inspire confidence in the stock market, says Ned Davis Research. During the seven occasions since 1969 in which the Conference Board's Consumer Confidence Index has dipped below 66 percent, the Dow Jones industrial average has risen at an annual rate of 30 percent, the Davis group notes. The annualized gains have been even greater by other measures, including a 45 percent increase in the Dow transportation average and a 97 percent rise in Standard & Poor's low-priced stock index.

The data fit the widely held contrarian theory of market analysis, which holds that the time to buy shares is when the public is in a miserable mood. At times like those, the reasoning goes, people are more likely to have sold their holdings in the belief that things can only get worse. After the sellers are out, the market has nowhere to go but up.

The obvious of that, of course, is that when the public is feeling fine, it's best to think about selling. The Davis data seem to confirm this: During those periods when consumer confidence is above 66 percent, shares have risen by less than 5 percent a year.

### Try to Negotiate Yourself Into an Adviser's Discount

Ever wanted to try your hand at negotiation? If so, why not call Citicorp's Swiss Asset Management in London and ask for a discount on one of its Backmaster funds?

The company is offering a 1 percent rebate against its front-end charges until the end of the month. The catch is that the rebate is only available to independent financial advisers. So the individual investor is at the mercy of the adviser, who may or may not pass on the discount.

That, at least, is the theory. In practice, although the industry as a whole loves to deny it, a determined individual investor can often secure a discount against front-end charges (the usual charge in the U.K. is just over 5 percent — a high figure in by international standards).

The company's six funds have a better than average track record, and the company manages some \$6 billion (\$9 billion).

More information is available by calling (44 71) 247 7474.

# THE CENTRAL SOURCE ON FUND INVESTMENT

April - June  
Spring 1993  
Volume 2, Number 1  
A Quarterly Publication

**INTERNATIONAL FUND INVESTMENT**

**Keeping Track**

Latin America, Eastern Europe: Custody's New Frontiers  
Changing Times in France: New Managers, New Funds? The Ethical Industry  
Boom or Bust in Taiwan: Scudder's Non-Stop Operation

"I found it to be of great interest"  
Gibert de Botton - Chairman - Global Asset Management

"You have made our industry appear as exciting in print as it is in real life. Congratulations."  
Marc L. Lordeau - Chairman - Olympia Capital Management

"A magazine of this quality is long overdue."  
Roger R. Matthews - Managing Partner, Corporate Services, Royal Trust

"It is very interesting and professional & really will fill a gap in the market."  
Jean-Paul A. Franco - International Director - CrossIniance SA

"It reads brilliantly and appears to be receiving universal approval."  
Mark Adonan - Managing Director - Micropal

I.F.I. is the one and only publication devoted to providing unbiased coverage of this fast developing sector of the financial world.

The reactions to I.F.I.'s launch have been exceptionally encouraging and demonstrate that such a magazine was badly needed by the asset management industry.

### Topics to be included in 1993:

- Fund analysis and performance.
- Developments in fund management techniques.
- Opportunities and pitfall in the markets.
- Custody and administrative issues.
- Regulation and technology.
- Personality profiles.

## Herald INTERNATIONAL Tribune

Return your order to: International Herald Tribune, Simon Osborn,  
181 Avenue Charles-de-Gaulle, 92521 Neuilly Cedex, France. Or fax to: (33-1) 46 37 21 33

Please send me the 4 issues for 1993 of IFI for US \$120 (FF.650)

For business orders, please indicate your VAT number: (UHT VAT number: FR74732021126)

Name \_\_\_\_\_  
Company \_\_\_\_\_  
Address \_\_\_\_\_  
City/Code \_\_\_\_\_

Payment is by check or credit card.  check enclosed  
Please charge by credit card  Amex  Visa  Access  
Number \_\_\_\_\_  
Exp date \_\_\_\_\_ signature \_\_\_\_\_

PLEASE TICK ONE BOX WHICH INDICATES YOUR PRIMARY BUSINESS FUNCTION:

Institutional investor  Financial intermediary/broker  Fund management Group  Custodian/trustee  Other Please state \_\_\_\_\_

Only one rating of international Money Funds scores Triple A

organisation looks after over \$60 billion in cash products worldwide and is committed to providing high returns on your money.

We offer wholesale interest rates on any of 16 major currencies, paid out or accumulated gross.

And you can buy, or convert between, currencies at extremely favourable rates of exchange, without charge.

There is no minimum investment and when you need your cash, usually it can be remitted electronically to your bank account anywhere in the world free of charge, within three business days.

The distributor of Fidelity Money Funds is Fidelity Investments Distributors, Bermuda. For more detailed information, including current interest rates for each currency, just contact one of the Fidelity offices below, or return the coupon.

UK Tel: 44 732 777371 Fax: 44 732 828888  
Jersey Tel: 44 534 808888 Fax: 44 534 34844  
Hong Kong Tel: 852 2461000 Fax: 852 246 2808  
Luxembourg Tel: 352 291 261 230 Fax: 352 291 240

Wherever in the world you find yourself, Fidelity Money Funds offer a flexible, tax-efficient offshore alternative to a deposit account. The Fidelity

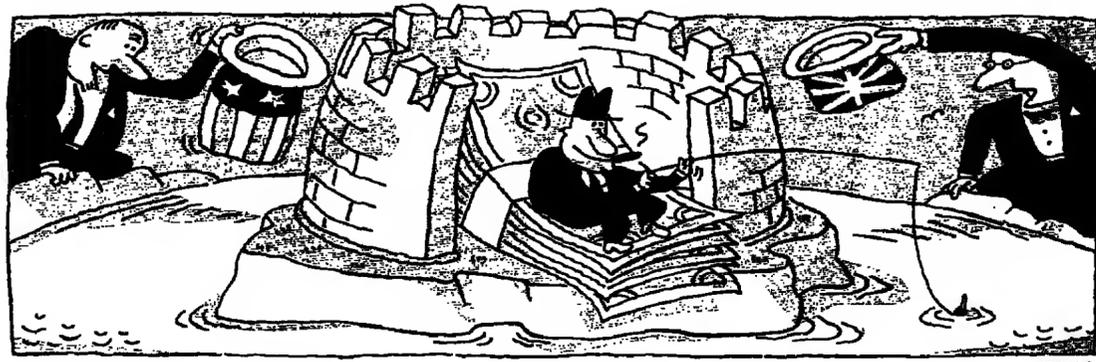
Name (Mandatory) \_\_\_\_\_  
Address \_\_\_\_\_  
City \_\_\_\_\_  
Country \_\_\_\_\_  
Postcode \_\_\_\_\_

**Fidelity Investments**

Printed by Fidelity Investments International



THE MONEY REPORT



A Primer for Manx Residents  
It's Helpful if You Want to Die There

By Conrad de Aenlle

A VISITOR to the Isle of Man struck up a conversation with a Scotsman who was very well-to-do, judging by his car and his clothes. The visitor explained that he had come to research the island's financial service industry for a series of articles, and the Scotsman replied: "It's a bit like that for me, too. I'm here for the money."

Offshore havens like the Isle of Man thrive on well-heeled foreigners who keep their money there. Some on the island, like the transplanted Scotsman, have gone one step further: They keep themselves there.

Roughly half of Man's 70,000 residents are foreigners, many of them working in the financial-services business. It's hard to know how many of the rest have settled on the island to safeguard their wealth.

The potential benefits of moving one's life to a rock in the Irish Sea are several, and all of them turn on the island's lenient tax regime, officials and financial professionals on the island say. All investment income is free of tax, and tax rates on earned income are considerably lower than in the rest of Europe and in the United States. There are no estate taxes, either, so death is far more cost-effective than in other jurisdictions.

Many who come are businessmen who convert the domicile of their companies to the Isle of Man, either to operate them and be taxed at lower rates or else "to make sure that when they sell their businesses, they won't be taxed on it," said Paul Dougherty, an executive for the legal firm Simcocks. The absence of capital-gains tax lets them do that, he said.

For several years during the mid-1980s, the Manx government courted foreign settlers. It saw a need to lure them over after a waning of interest owing to the cutting of top marginal tax rates by Britain's Conservative government.

"Residency used to be a factor when taxes in the U.K. were higher," said Michael Gates, who is director of the island's commercial development division. "Then Margaret Thatcher took an ax to much of that."

To try to make it a factor once again, "there was a drive to target people who were taking early retirement or who had sold a business," he explained. "What they wanted were economically active people to start businesses."

"Economically active" means rich, and when those who took the island up on its invitation came over and started throwing their money around, they sent local prices way up, which tripled in just a few years. Wage costs rose, too, as the economy came close to achieving full employment.

Tax Havens Haggle Over Depositor Protection

IT'S hard to imagine something that seems as innocuous as a bank deposit protection plan setting off a feud among regulators, a group not seen as especially hot-tempered. But some harsh words have been exchanged between officials on the Isle of Man, which offers such protection, and their arch-rivals in the Channel Islands, which do not.

The Manx plan returns 75 percent of a depositor's money, should it be lost due to fraud, with maximum coverage of £15,000 (\$23,000). That's equivalent to Britain's program and a little less than the minimum ceiling of 20,000 European currency units that has been proposed in the European Community's draft Directive on Deposit Guarantees (£15,000 is about \$23,000 and 19,000 Ecus).

Michael Weldon, secretary of the plan for the Manx Financial Supervision Commission, said it was something of a misnomer to call it a depositor protection scheme because it does not mandate a complete reimbursement. "Our scheme is not really depositor protection but depositor compensation," he said. "It's designed to protect widows and orphans primarily." Compensation is not complete, he said, because authorities feel "every depositor should carry some of the credit risk and be conscious that it's his responsibility for placing money with a particular bank."

Officials on the Channel Island of Guernsey don't think much of deposit protection regimes. For one thing, they point out, widows and orphans are not the clientele that they — or the Isle of Man, for that matter — cater to.

"We're after the high-net-worth investor for whom 15,000 Ecus is not a lot of protection for a \$500,000 account," said John Roper, director general of the Financial Services Commission on Guernsey. "We've got better things to do."

In a not-too-oblique reference to the Manx plan, he added: "Look what happens when someone gets the bright idea to have one."

And what happens, he contended, is that it costs money and keeps banks from opening subsidiaries.

But doesn't it foster confidence in a financial center? Not at all, Mr. Roper remarked. "It fosters overconfidence."

Regulators in competing centers love to point out that the Isle of Man had the misfortune of being

home to a branch of the fraudulent Bank of Credit & Commerce International, which collapsed very publicly a couple of years ago.

"Thanks to the protection plan, bankers on the island are still paying for BCCI. By the time all the claims have been paid out, depositors are expected to have received more than £20 million."

About three-fifths of the money has been returned to them so far. The rest will be reimbursed when the banks pay their third installment into a fund for this purpose. Unlike the British practice, the Isle of Man does not have a standing fund. Banks are called upon to pay up as needed.

When a bank defaults, Mr. Weldon said, banks on the island are called upon to pay one-eighth of a percent of their deposit base per year until enough money has been put into the kitty to pay off depositors. There is a minimum contribution of £25,000 per bank, per year, and a maximum of £250,000.

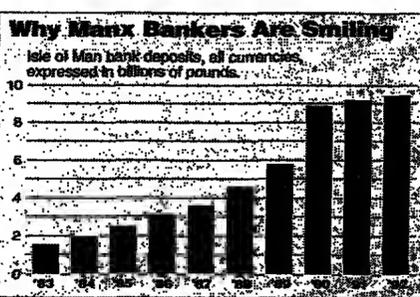
So far the BCCI failure is the only time the program, which was set up in early 1991, has been put into action. The island's only other bank failure was Savings & Investment Bank in 1982. Even though there was no depositor protection plan in force then, the Manx government decided to pay depositors who lost money in that failure. Mr. Weldon said.

Manx officials say their way of running the plan, with contributions made only when a bank goes down, is a cheaper way to go about it.

They disagree with Mr. Roper's contention that depositor protection is already too expensive for the banks. In fact, there is very little in what Mr. Roper said that authorities on the Isle of Man would agree with.

"If it's a gimmick, one wonders why there's an EC directive on depositor protection," comments Hilton McCann, the Isle of Man's chief banking regulator.

"One wonders why the Channel Islands, which don't have a scheme, are considering it," he added. "It's not a gimmick. It's a serious business."



home to a branch of the fraudulent Bank of Credit & Commerce International, which collapsed very publicly a couple of years ago.

"Thanks to the protection plan, bankers on the island are still paying for BCCI. By the time all the claims have been paid out, depositors are expected to have received more than £20 million."

About three-fifths of the money has been returned to them so far. The rest will be reimbursed when the banks pay their third installment into a fund for this purpose. Unlike the British practice, the Isle of Man does not have a standing fund. Banks are called upon to pay up as needed.

When a bank defaults, Mr. Weldon said, banks on the island are called upon to pay one-eighth of a percent of their deposit base per year until enough money has been put into the kitty to pay off depositors. There is a minimum contribution of £25,000 per bank, per year, and a maximum of £250,000.

So far the BCCI failure is the only time the program, which was set up in early 1991, has been put into action. The island's only other bank failure was Savings & Investment Bank in 1982. Even though there was no depositor protection plan in force then, the Manx government decided to pay depositors who lost money in that failure. Mr. Weldon said.

Manx officials say their way of running the plan, with contributions made only when a bank goes down, is a cheaper way to go about it.

They disagree with Mr. Roper's contention that depositor protection is already too expensive for the banks. In fact, there is very little in what Mr. Roper said that authorities on the Isle of Man would agree with.

**TAX FREE INVESTMENTS**

Invest with confidence and security in fixed interest deposit accounts in a currency of your choice

**up to 18% p.a.**

Fixed term and immediate access accounts available  
Minimum deposit £1,000.  
Higher rates available on sums of £25,000+

**PLUS INVESTMENT BONDS**

A choice of up to 53 funds showing a sector average during the period 1.2.88 - 1.2.93 of **57.92% Growth\***

ALSO Pensions, Income Bonds, Mortgages and Savings Plans

TEL/FAX: +34 5 2796323  
KNIGHTSBRIDGE INVESTMENTS  
GAUDI HOUSE, DOMINION BEACH  
ESPEPONA, MALAGA, SPAIN

Agents of  
**SUN ALLIANCE INTERNATIONAL**

\* Past performance is not necessarily a guide to future performance.

THE FIRST IHT / IFI CONFERENCE ON GLOBAL FUND MANAGEMENT

**WHICH WAY ARE THE MARKETS MOVING?**

THE EXPERTS FROM AROUND THE WORLD DEBATE THE TRENDS ON JUNE 9 & 10, 1993 AT HYATT CARLTON TOWER, LONDON

**SPECIAL KEYNOTE ADDRESS**  
Sir Alan Walters, Vice Chairman, AIG Trading Corp., Washington, D.C. and former Chief Economic Adviser to the then U.K. Prime Minister Margaret Thatcher

**MONETARY STABILITY IN EUROPE - VISIONS OR ILLUSIONS?**  
Otmar Issing, Member of the Board, Deutsche Bundesbank, and Member of the Central Bank Council, Frankfurt

**THE POLITICAL DIMENSION**  
Dangers And Opportunities In The World Disorder  
Anthony Sampson, Journalist and International Writer

**WHAT IS THE FUTURE OF GLOBAL INVESTING?**  
Global Asset Allocation Strategies Of The Future  
Malcolm Mitchell, Senior Consultant, InterSec

**THE PENSION FUND PERSPECTIVE**  
Peter Denzlik, Deputy Executive Director, P.K.A. Pension Funds, Copenhagen

**THE BOND SESSION**  
John Lipak, Chief Economist, Salomon Brothars, New York  
Axel-Gunter Benkner, Managing Director, D.W.S., Frankfurt  
Sandra Curtis, Head of Fixed Income, Credit Suisse Asses Management, London  
Patrick Dempsey, Managing Director, Dempsey & Co. International, London  
Gordon Johns, Managing Director, Kemper Investment Management, London  
Gary Kress, Chief Investment Officer, Global Fixed Income, G.T., San Francisco

**THE CURRENCY SESSION**  
Irwin Berger, Director of Trading, Sjo Inc., Chicago  
Howard Flight, Joint Managing Director, Guinness Flight, London  
Lawrence Hite, Managing Director and Founding Partner, Mint Investment Management, New Jersey  
Andrew Hornig, Head of the Strategy and Currency Group, Citibank, London  
Ross Jackson, Founder and Chief Executive, Galacorp, Denmark

**THE EQUITY SESSION**  
Alan Albert, Managing Director, Merrill Lynch Asset Management, London  
Nicholas Knight, Head of Global Equity Strategy, Nomura, London  
Ranjan Pal, Director and Regional Economist, Jardine Fleming Broking Ltd., Hong Kong  
Henry Thornton, Investment Director, Credit Lyonnais International Asset Management, Hong Kong  
Audley Twitton Davies, Managing Director, Latin American Securities, London  
Beat Wittmann, Head of European Equities, U.B.S. Asset Management, Zurich

The equity session will also be addressed by a major U.S. fund manager

**LUNCHEON ADDRESS**  
Norbert Walter, Chief Economist, Deutsche Bank, Frankfurt

**COCKTAILS**  
Hosted by Merrill Lynch Asset Management U.K.

**REGISTRATION INFORMATION:** The fee for the conference is £595 plus VAT at 17.5%. This includes lunch on both days; the cocktail reception on June 9 and all conference documentation. Fees are payable in advance and will be refunded less a £75 cancellation charge for any cancellation received in writing on or before June 1, after which time we regret there can be no refund. Substitutions, however, may be made at any time.

**REGISTRATION FORM:** To register for the conference, please complete the form below and send it to: Brenda Hagony, International Herald Tribune, 63 Long Acre, London WC2E 9LH, England. Tel: (44 71) 836 4802 Fax: (44 71) 836 0717 22-5-93

Enclosed is a check for £599 (15393 + 17.5% VAT) drawn on a U.K. bank and made payable to the International Herald Tribune  Please invoice

Name (Mr Mrs Ms Miss) \_\_\_\_\_ First Name \_\_\_\_\_

Family Name \_\_\_\_\_

Position \_\_\_\_\_

Company \_\_\_\_\_

Address \_\_\_\_\_

City \_\_\_\_\_ Country \_\_\_\_\_

Telephone \_\_\_\_\_ Fax \_\_\_\_\_

**CONFERENCE LOCATION:** Hyatt Carlton Tower, Cadogan Place, London SW1 Tel: (44 71) 235 5411 Fax: (44 71) 245 6570 To reserve accommodation at a preferential rate please contact the reservations department at the Hyatt Carlton Tower no later than June 1, reserving the hotel that your booking is in connection with the IHT conference.

**Herald Tribune**  
INTERNATIONAL FUND INVESTMENT

**THE EUROPEAN OFFSHORE PARADISE**

In today's world, financial security, confidentiality and political stability are of great importance to both individuals and businessmen. The Isle of Man satisfies all of these requirements.

The Isle of Man's Financial Supervision Commission and Insurance Authority are powerful Government watchdogs protecting the interests of depositors, investors and the Island's reputation.

The Isle of Man has enjoyed political stability for over 1,000 years and has one of the oldest parliamentary systems of government in the world. As a Crown Dependency with a high degree of autonomy from the United Kingdom, the Island enjoys political independence for all but defence and foreign affairs.

Couple these factors with an extremely attractive package of financial benefits and you will realise why the Isle of Man is fast becoming Europe's offshore paradise.

Anyone requiring further information about the financial benefits and services available in the Isle of Man are invited to write to:

Michael Gates, Commercial Development Officer, Government Offices, Douglas, Isle of Man, British Isles. Telephone: (0624) 685755. Fax: (0624) 685747.

To: Michael Gates, Commercial Development Officer, Dept. 135, Government Offices, Douglas, Isle of Man, British Isles.  
Please send me an Isle of Man Information Pack

Name \_\_\_\_\_  
Position \_\_\_\_\_  
Company \_\_\_\_\_  
Address \_\_\_\_\_

**Isle of Man Government**  
STABILITY IS OUR STRENGTH

**The Manx Tax Man Speaks**  
Income tax for the year April 6, 1992 to April 5, 1993

**RATES OF INCOME TAX:**  
Standard Rate: 10%  
This rate is charged on the taxable income of individuals up to a total of:  
Single Person: the First £2,000. Married Person: the First £4,000.  
Higher Rate: 20%  
This rate is charged on the taxable income of individuals exceeding the standard rate bands and also on the whole of the taxable income of trusts and resident non-exempt companies.  
Non-resident Rate: 20%  
This rate is charged on all income arising in the Isle of Man to a non-resident person.  
Exceptions: Bank Interest, Building Society Interest and Dividends paid by listed companies (see separate fact sheet).  
Note: Taxable income. This is worldwide income less permitted deductions such as interest and general allowances.

**ALLOWANCES TO RESIDENT INDIVIDUALS**  
Single Person: £2,000. Married Couple (combined allowance): £4,000. Single Parent (with at least one parent benefit): £4,100. Blind Person: £1,000. Life Assurance (subject to restrictions) 50% of Premiums Paid.  
Notes: 1. The above rates are based on a full year's residence and will be applied where an individual is resident for only part of an income tax year. 2. The combined allowance of £4,000 for a married couple is made up of £2,000 each to a husband and wife with any unutilized allowance being transferred to the other partner. 3. The single parent and blind persons allowance each, in addition to the personal allowance.

**DUTIES NOT CHARGED:**  
The Isle of Man Government does not charge: Death or estate duties, Capital transfer or gift taxes, Capital gains tax, Wealth tax.

who establish foreign residency and have a "tax home" outside the United States can exclude up to \$70,000 of their earned income from U.S. taxes, but their interest, dividends and capital gains are still fully taxable.

"American citizens are generally taxed on their worldwide income," said Ken Haberman, a spokesman for the Internal Revenue Service. "Things like investment income, subject to taxation, but you might be allowed some deduction against that." These include the various annual deductions that taxpayers are allowed, but they add up only to about \$7,500 plus another \$2,000 or so each for spouse and children.

Revenue authorities elsewhere tend to be more lenient. Once a citizen has moved on, they usually give up sending tax bills. The key is to convince them that the former resident has truly left.

Former U.K. national, for instance, are advised to sign British no more than three months in any year and six months during any four-year period, and to sever as many financial ties as possible.

"Sell your assets in the U.K. make a clean break," Mr. Gates advised. "Anything that gives rise to the Inland Revenue questioning it should be avoided."

Mr. Dougherty said it was not enough for a business owner to set up a Manx-registered company without changing his personal residency if he wants to avoid being taxed on profits from the business. "He's going to get hammered because he's still the beneficial owner of that Manx company," he commented. "He's going to have to pack his bags and leave."

Once he does that, Mr. Dougherty said, he should set about rewriting his will. "The whole matter of domicile is crucial," he said. "You should say you want to be buried here."

Authorities back home are more likely to be convinced that a one-time resident has left for good if he shows evidence not only of plans to live on Man, but to die there, too.

**OFFSHORE COMPANIES**  
INSURANCE/RETIREMENT COMPANIES  
BANKS  
ASSET/INCOME PROTECTION

Over 30 years experience in providing services internationally for all types of business.

**ASTON CORPORATE MANAGEMENT**  
19 Peel Road, Douglas, Isle of Man.  
Tel: (0624) 625991 - Fax: (0624) 625126  
Tel: (71) 222 8666 - Fax: (71) 233 1519.

**No. 1 OFFSHORE COMPANY SPECIALISTS**

Professional Services, Full Accounting and Auditing available. All fees agreed with clients with no hidden extras.

- U.K. LTD £1250
- U.K. PLC £2000
- BAHAMAS \$500
- B.V.I. \$500
- DELAWARE \$2000
- GIBRALTAR £200
- HONG KONG \$500
- IRELAND £225
- ISLE OF MAN £250
- JERSEY £1000
- PANAMA \$800
- W. SAMOA \$750

Offshore Banks and Insurance Companies available in Qualified Countries. For thousands of services and over 90 ways to benefit.

**RICHARD COOKE**  
Overseas Company Registration Agency Ltd.  
Tel: (0204) 615944 (24 Hour) Fax: (0204) 615948

**PETER BIRNEY**  
72 New Bond Street, London, W1Y 0BB  
Tel: (01) 535 5555 Fax: (01) 493 3577

**BANANA BEACH**  
24 Raffles Place, 25-05 Citicorp Centre, Singapore 0104  
Tel: (65) 233 2172 Fax: (65) 233 2171

**STELLA HO**  
Room 1815, Harbour Plaza, 10 Westport Road, Hong Kong  
Tel: (852) 251172 Fax: (852) 251171

**NEVILL MORGAN**  
2521 Avenue of the Stars, Ft. Lauderdale, Florida  
Tel: (305) 554-0000 Fax: (305) 554-0000

All Credit Cards

**TOLL FREE**  
UK 0800 222222  
USA 1 800 222222

**NYSE**  
Friday's Closing

Financial data and market news from the New York Stock Exchange.

Residents  
There  
A Man Speaks

# NYSE

## Friday's Closing

Tables include the nationwide price up to the closing on Wall Street and do not include trades elsewhere. Via The Associated Press

(Continued)

| 12 Month | Div | Yield | PE                                           | High | Low | Close |
|----------|-----|-------|----------------------------------------------|------|-----|-------|
| 12 Month | Div | Yield | PE <td>High</td> <td>Low</td> <td>Close</td> | High | Low | Close |
| 12 Month | Div | Yield | PE <td>High</td> <td>Low</td> <td>Close</td> | High | Low | Close |

| 12 Month | Div | Yield | PE                                           | High | Low | Close |
|----------|-----|-------|----------------------------------------------|------|-----|-------|
| 12 Month | Div | Yield | PE <td>High</td> <td>Low</td> <td>Close</td> | High | Low | Close |
| 12 Month | Div | Yield | PE <td>High</td> <td>Low</td> <td>Close</td> | High | Low | Close |

| 12 Month | Div | Yield | PE                                           | High | Low | Close |
|----------|-----|-------|----------------------------------------------|------|-----|-------|
| 12 Month | Div | Yield | PE <td>High</td> <td>Low</td> <td>Close</td> | High | Low | Close |
| 12 Month | Div | Yield | PE <td>High</td> <td>Low</td> <td>Close</td> | High | Low | Close |

| 12 Month | Div | Yield | PE                                           | High | Low | Close |
|----------|-----|-------|----------------------------------------------|------|-----|-------|
| 12 Month | Div | Yield | PE <td>High</td> <td>Low</td> <td>Close</td> | High | Low | Close |
| 12 Month | Div | Yield | PE <td>High</td> <td>Low</td> <td>Close</td> | High | Low | Close |

| 12 Month | Div | Yield | PE                                           | High | Low | Close |
|----------|-----|-------|----------------------------------------------|------|-----|-------|
| 12 Month | Div | Yield | PE <td>High</td> <td>Low</td> <td>Close</td> | High | Low | Close |
| 12 Month | Div | Yield | PE <td>High</td> <td>Low</td> <td>Close</td> | High | Low | Close |

| 12 Month | Div | Yield | PE                                           | High | Low | Close |
|----------|-----|-------|----------------------------------------------|------|-----|-------|
| 12 Month | Div | Yield | PE <td>High</td> <td>Low</td> <td>Close</td> | High | Low | Close |
| 12 Month | Div | Yield | PE <td>High</td> <td>Low</td> <td>Close</td> | High | Low | Close |

| 12 Month | Div | Yield | PE                                           | High | Low | Close |
|----------|-----|-------|----------------------------------------------|------|-----|-------|
| 12 Month | Div | Yield | PE <td>High</td> <td>Low</td> <td>Close</td> | High | Low | Close |
| 12 Month | Div | Yield | PE <td>High</td> <td>Low</td> <td>Close</td> | High | Low | Close |

## NYSE High-Lows

NEW HIGHS 54

| Symbol | Company Name        | Price |
|--------|---------------------|-------|
| Alcoa  | Aluminum Co. of Am. | 42.25 |
| Amgen  | Amgen Inc.          | 42.25 |
| Amgen  | Amgen Inc.          | 42.25 |

NEW LOWS 12

| Symbol | Company Name | Price |
|--------|--------------|-------|
| Amgen  | Amgen Inc.   | 42.25 |
| Amgen  | Amgen Inc.   | 42.25 |

## AMEX High-Lows

NEW HIGHS 25

| Symbol | Company Name | Price |
|--------|--------------|-------|
| Amgen  | Amgen Inc.   | 42.25 |
| Amgen  | Amgen Inc.   | 42.25 |

NEW LOWS 3

| Symbol | Company Name | Price |
|--------|--------------|-------|
| Amgen  | Amgen Inc.   | 42.25 |
| Amgen  | Amgen Inc.   | 42.25 |

## INTERNATIONAL FUNDS

Quotations supplied by funds. Most fund prices are supplied by the funds with the exception of some prices. The numerical symbols indicate frequency of quotations supplied: (d) - daily; (w) - weekly; (b) - bi-monthly; (r) - regularly (3) - twice weekly on issue prices.

May 21, 1993

| Symbol | Company Name | Price |
|--------|--------------|-------|
| Amgen  | Amgen Inc.   | 42.25 |
| Amgen  | Amgen Inc.   | 42.25 |
| Amgen  | Amgen Inc.   | 42.25 |

## INTERNATIONAL FUNDS

Quotations supplied by funds. Most fund prices are supplied by the funds with the exception of some prices. The numerical symbols indicate frequency of quotations supplied: (d) - daily; (w) - weekly; (b) - bi-monthly; (r) - regularly (3) - twice weekly on issue prices.

May 21, 1993

| Symbol | Company Name | Price |
|--------|--------------|-------|
| Amgen  | Amgen Inc.   | 42.25 |
| Amgen  | Amgen Inc.   | 42.25 |
| Amgen  | Amgen Inc.   | 42.25 |

## INTERNATIONAL FUNDS

Quotations supplied by funds. Most fund prices are supplied by the funds with the exception of some prices. The numerical symbols indicate frequency of quotations supplied: (d) - daily; (w) - weekly; (b) - bi-monthly; (r) - regularly (3) - twice weekly on issue prices.

May 21, 1993

| Symbol | Company Name | Price |
|--------|--------------|-------|
| Amgen  | Amgen Inc.   | 42.25 |
| Amgen  | Amgen Inc.   | 42.25 |
| Amgen  | Amgen Inc.   | 42.25 |

## INTERNATIONAL FUNDS

Quotations supplied by funds. Most fund prices are supplied by the funds with the exception of some prices. The numerical symbols indicate frequency of quotations supplied: (d) - daily; (w) - weekly; (b) - bi-monthly; (r) - regularly (3) - twice weekly on issue prices.

May 21, 1993

| Symbol | Company Name | Price |
|--------|--------------|-------|
| Amgen  | Amgen Inc.   | 42.25 |
| Amgen  | Amgen Inc.   | 42.25 |
| Amgen  | Amgen Inc.   | 42.25 |

## INTERNATIONAL FUNDS

Quotations supplied by funds. Most fund prices are supplied by the funds with the exception of some prices. The numerical symbols indicate frequency of quotations supplied: (d) - daily; (w) - weekly; (b) - bi-monthly; (r) - regularly (3) - twice weekly on issue prices.

May 21, 1993

| Symbol | Company Name | Price |
|--------|--------------|-------|
| Amgen  | Amgen Inc.   | 42.25 |
| Amgen  | Amgen Inc.   | 42.25 |
| Amgen  | Amgen Inc.   | 42.25 |

## INTERNATIONAL FUNDS

Quotations supplied by funds. Most fund prices are supplied by the funds with the exception of some prices. The numerical symbols indicate frequency of quotations supplied: (d) - daily; (w) - weekly; (b) - bi-monthly; (r) - regularly (3) - twice weekly on issue prices.

May 21, 1993

| Symbol | Company Name | Price |
|--------|--------------|-------|
| Amgen  | Amgen Inc.   | 42.25 |
| Amgen  | Amgen Inc.   | 42.25 |
| Amgen  | Amgen Inc.   | 42.25 |

# SPORTS BASEBALL

## A's Strike Hard As Royals Squander Cone's 135 Pitches

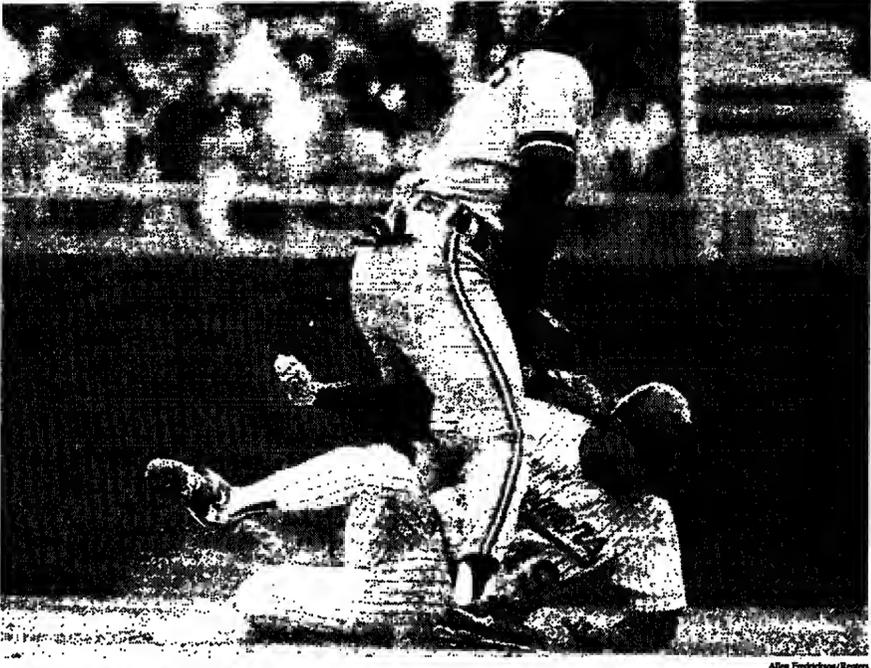
*The Associated Press*  
It happened last year to Nolan Ryan and Jim Abbott. It is happening this year to David Cone.  
"It" is lack of run support, a team taking a collective day off at the plate when a certain pitcher is on the mound. And "it" is running Cone's year.  
On Thursday night, Cone left after seven innings with a 1-0 lead. The Royals bullpen promptly blew

East lead over idle New York to 2½ games.  
Blue Jays 4, Red Sox 3: In Boston, the Blue Jays scored the winning run in the ninth off Paul Quantrill on two bunts, a single and a forceout.  
Joe Carter collected two more RBIs and moved into third place among AL hitters, with 37. Paul Molitor went 3-for-5 and raised his average to .331.  
Mariners 7, Rangers 4: In Arlington, Texas, the Mariners appeared to have wrapped up the game with a six-run eighth-inning rally that put them ahead 7-2.  
The Rangers rallied in the ninth, though, and Gary Rodus missed a game-winning pinch-hit grand slam by 10 feet (3 meters) when his long drive hooked foul. He struck out on a check swing four pitches later.  
Indians 3, Orioles 1: In Baltimore, Dennis Cook and two relievers combined on a three-hitter and Albert Belle had three hits.  
Jamie Moyer, making his first major league appearance since May 21, 1991, gave up two runs and 10 hits over 7½ innings in his Baltimore debut.

### AL ROUNDUP

the lead and Kansas City went on to lose, 4-1, in 12 innings to the visiting Oakland Athletics.  
The Royals have scored only 19 runs in Cone's nine starts, and the anemic support has left him with a 1-5 record despite his 3.02 ERA.  
"Cone pitched his tail off," said the Royals' manager, Hal McRae. "We didn't score enough runs. We didn't take advantage of several scoring situations."  
Same old story.  
Cone's bewilderment should sound familiar to Ryan and Abbott.  
Ryan could not explain it last year when the Texas Rangers scored one or no runs in nine of his 27 starts. Abbott could not explain it either when the California Angels averaged only two and a half runs in his starts, leaving him 7-15 despite having the fifth-lowest earned run average in the league.  
"I know if he keeps pitching well, things will change," McRae said of Cone. "He is doing all he can do. He has to go out there and do his job and he is."

Cone was pulled by McRae because he had thrown 135 pitches. Bill Sampen came in and gave up a walk to Troy Neal and a single to Terry Steinbach, and Scott Hemond, pinch-running, scored on Kevin Seitzer's high bouncer.  
Oakland got three runs in the 12th off Mark Gubicza, two scoring on Dale Sveum's triple and the last coming in on Seitzer's single.  
Tigers 6, Brewers 2: Detroit rallied for six runs in the eighth inning in Milwaukee to increase its AL



Robin Yount was safe at second, sliding under Tony Phillips's tag, but Detroit scored six runs in the eighth to win, 6-2, in Milwaukee.

## Incaviglia Clears Bases Early as Phils Stop Expos

*The Associated Press*  
Remember Pete Incaviglia, the guy who hit those long home runs? Well, he is doing just fine in his part-time job with the Philadelphia Phillies.  
"Everyone on this club knows his role," Incaviglia said Thursday.  
NL ROUNDUP  
night after his first-inning grand slam led the Phillies over the visiting Montreal Expos, 9-3.  
Incaviglia, who has five home runs this season, drove in five runs as the NL East-leading Phillies increased their lead over the second-place Expos to 6½ games. He has the ninth-most at-bats on the team, but does not mind the way manager Jim Fregosi uses him.

"I just stay prepared for when Jimmy calls on me," Incaviglia said.  
Incaviglia's fifth career grand slam came off Chris Nabholz, who left after just 1½ innings. Nabholz walked two and hit a batter before Incaviglia's second home run in two nights.  
"He hung one of those cutters, and I got it," Incaviglia said. "I guess tonight was my turn."  
Curt Schilling scattered seven hits, struck out five, walked two and retired the final 15 Expos in order. It was his third complete game this season and the Phillies' major-league-leading eighth.  
"After the fourth, I was getting ahead of the hitters," Schilling said. "I was throwing strikes and making them hit the ball."  
Montreal led to 4-3 in the fourth on Frank Block's three-run homer, his third home run this season. But Kent Hootenfield walked Darren Daulton with the bases loaded in the bottom half, and Incaviglia followed with an RBI single for a 6-3 lead.  
The Expos' manager, Felipe Alou, thought the primary difficulty was Nabholz's control.  
"Nabholz created his own problems with those walks," Alou said. "His stuff has been O.K., but his command is lacking. You can't do that with a team that can hit like the Phillies."  
Giants 6, Reds 1: In San Francisco, Kirt Manwaring matched a career-best with three hits and had two RBIs as the Giants won their sixth straight and sent Cincinnati to its fourth consecutive loss.  
Trevor Wilson limited the Reds to two hits in five innings and left with a 5-1 lead. Tom Browning allowed six runs and 11 hits, a season high for him, in 5½ innings.  
Padres 5, Rockies 4: Fred

McGriff hit a two-run homer in the 11th inning after Colorado, which lost for the 14th time in 16 games, had gone ahead in the top of the inning.  
Gary Sheffield opened the bottom of the 11th with a single off Darren Holmes and McGriff followed with his eighth homer this season.  
Visiting Colorado had taken a 4-3 lead in the top of the inning when Dante Biechete hit a two-out homer off Gene Harris.  
Cardinals 6, Cubs 3: Bob Tewksbury won his fourth consecutive

decision, and Geronimo Pena, batting .149 left-handed, hit a three-run double in St. Louis.  
Tewksbury, baseball's best control pitcher, struck out three and walked none in seven innings. He has walked only two batters in 53½ innings this season. Lee Smith pitched the ninth for his 12th save.  
"If I have to walk somebody, I'll walk them, but I'm not going to try to give anybody a free pass when it's not appropriate," Tewksbury said. "They know I'm going to be around the plate and I don't get deep in the count."

Tewksbury was working on a two-hitter and had a 5-0 lead until the sixth, when Dwight Smith hit his fifth home run. Steve Buechele hit a two-run drive in the seventh, ending a 5-for-40 slump, his fourth home run this season, but Tewksbury retired Smith with runners on second and third for the final out in the seventh.  
"As far as I'm concerned, that was the ballgame," Tewksbury said.  
Jose Guzman gave up five runs and eight hits in 4½ innings.

## In 330 Minutes, a First for Arsenal

*Reuters*  
LONDON — The defender Andy Linighan, playing with a broken nose and finger after an aerial clash in the 18th minute, scored a dramatic winner one minute from the end of extra time to give Arsenal a 2-1 victory over Sheffield Wednesday in the English Football Association Cup final replay at Wembley.  
Linighan, injured when elbowed in the face by Mark Bright in an aerial challenge, headed home a Paul Merson corner from close in to beat England's national goalkeeper, Chris Woods, when the match looked as if it would be decided by a penalty shootout for the first time ever.  
The victory in the third finale at Wembley this season against Wednesday — after 330 minutes of soccer — gave Arsenal an unprecedented domestic cup double after its 2-1 League Cup triumph over Wednesday last month.  
"All credit to Sheffield Wednesday," said Linighan. "We had to work really hard. I'm just happy to score the goal."  
The striker Ian Wright put Arsenal ahead in the 34th minute. Running on to a superbly placed pass from a fellow striker, Alan Smith, he left three Wednesday defenders stranded to go through and beat Woods.  
Chris Waddle, finding greater space on the left in the second half, hauled Wednesday back into the game with a fine equalizer in the 68th minute. His shot from the left after a right wing cross by John Harkes took a slight deflection from Lee Dixon and edged past the desperate dive of the goalkeeper, David Seaman.  
With a crowd of 62,000, there were 17,000 less at Wembley than for Saturday's final, which ended in a 1-1 draw after extra time.  
The finale to the English season almost went to penalties after a war of attrition between two sides exhausted by an overloaded calendar.  
There is a strong case for the Football Association — which introduced a postmatch penalty shootout last season after five replays since 1981 — to have the final itself settled with a shootout, dispensing with a second game.  
Sheffield Wednesday's Swedish right back, Roland Nilsson, had to play two matches in 24 hours after playing for his national squad in a World Cup qualifier in Stockholm on Wednesday night.  
England's manager, Graham Taylor, preparing his team for two vital World Cup qualifiers against Poland and Norway will not have his full squad together until two days later than planned. Eight of his internationals were involved at Wembley.

Four years later, he succeeded Bernard as president, and in 1977, he eagerly accepted a second title, becoming president of the International Tennis Federation. For the next 15 years, Chatrier was the game's most powerful bureaucrat.  
At the ITF, he oversaw the sport's global expansion, waged war against Lamar Hunt's competing WCT tour and successfully lobbied his friend Juan Antonio Samaranch for the reinstatement of tennis as an Olympic sport.  
In France, Chatrier created a regional and national structure for tennis and presided over its popularization. From 1972 to 1992, the number of registered players soared from 225,000 to 1.3 million and the number of courts from 6,700 to 35,000.  
"Tennis used to be a sport for the upper class in France and all over the world, and that has changed irrevocably," Chatrier said. "I am very proud of that."  
Chatrier is also proud of revitalizing the French Open, which in the early 1970s was competing with World Team Tennis in the United States and had fallen out of favor with everyone except groundstroke-loving, clay-court specialists. He achieved his aims with clever mar-

## French Open Misses Man Who Made It

### Ex-Revolutionary and Bureaucrat, Chatrier Now Leaves Tennis Behind

*By Christopher Clary*  
*International Herald Tribune*  
PARIS — They conducted the French Open draw at Roland Garros Stadium on Friday, and the usual crush of officials, journalists and glitterati turned out to watch the reigning Olympic 400-meter champion, Marie-José Pérec, pull players' names out of a silver bowl.  
But someone was missing, someone who had a lot to do with the scribbling pens, myriad cameras and general air of self-importance that enveloped the proceedings.  
Philippe Chatrier was born in 1928, the same year that this stadium was hastily constructed, and throughout the meandering course of his distinguished career in tennis, his passion for "Roland Garros" has remained a constant.  
"This place has been my life and my love," said Chatrier, who in February, declined to stand for reelection as president of the French Tennis Federation.  
He first had eyes on the stadium grounds when, at age 13, he was selected to play with his idol, René Lacoste, in a doubles exhibition. He went on to win the French junior title and play in the French Championships six times as an amateur.  
But he never advanced past the third round in his favorite tournament. He would have to wait to make his mark as an administrator.  
The opportunity came in 1968, the year of open revolt in the streets of Paris, and, at last, open tennis in Grand Slam stadiums.  
Chatrier had repeatedly used his position as owner and editor of the magazine Tennis de France to assail the French federation's insular, retrograde policies. In December 1968, he helped force a changing of the guard. Marcel Bernard, who won at Roland Garros in 1946, was elected president. Chatrier was named vice president and captain of the Davis Cup team.  
Four years later, he succeeded Bernard as president, and in 1977, he eagerly accepted a second title, becoming president of the International Tennis Federation. For the next 15 years, Chatrier was the game's most powerful bureaucrat.  
At the ITF, he oversaw the sport's global expansion, waged war against Lamar Hunt's competing WCT tour and successfully lobbied his friend Juan Antonio Samaranch for the reinstatement of tennis as an Olympic sport.  
In France, Chatrier created a regional and national structure for tennis and presided over its popularization. From 1972 to 1992, the number of registered players soared from 225,000 to 1.3 million and the number of courts from 6,700 to 35,000.  
"Tennis used to be a sport for the upper class in France and all over the world, and that has changed irrevocably," Chatrier said. "I am very proud of that."  
Chatrier is also proud of revitalizing the French Open, which in the early 1970s was competing with World Team Tennis in the United States and had fallen out of favor with everyone except groundstroke-loving, clay-court specialists. He achieved his aims with clever mar-

keting, which included a deal for nonstop French television coverage and a series of stadium expansions.  
The tournament also benefited from the demise of team tennis and the emergence of Bjorn Borg, a clay specialist who also won Wimbledon's grass five straight times and became a superstar.  
Chatrier is not particularly sanguine about the present and future of the sport to which he has devoted his life. He sees too much power in the men's game and not enough commitment to Davis Cup play from the top players.  
"But it's the money that worries me the most," he said. "The sheer weight of it is changing the game. Before there was a sense that tradi-

tion was important and of sport for sport's sake, but now it is just a few letters more and more money through."  
"The real champions still play for the titles," he added, "but the players of second rank are playing for dollars."  
Chatrier is not entirely blameless. As ITF president, he gave the green light to the Grand Slam Cup, the controversial year-end tournament that was launched in 1990 with a record \$6 million in prize money. Chatrier maintains that he backed the plan because the tournament would contribute \$2 million annually to tennis development in poorer nations and because the players had decided to break with the ITF and form their own ATP tour.  
"I accepted the idea dragging my feet because I thought there was a spirit of solidarity forming among the Grand Slams, but I guess I was a bit footed," he said. "We were together more out of necessity than desire, and the way things are going, the money in Munich will be quite ordinary in three or four years. Imagine dealing with that."  
Chatrier no longer is required to do so before the December meeting in 1991 when France reclaimed the Davis Cup after 59 years and fulfilled his lifelong dream. He had begun losing his drive. With the cup finally in hand, the process accelerated and his private life took on greater importance. Last year, he married for the second time and resumed drinking wine after a decade-long hiatus.  
He also purchased a vacation home in Brittany, where he spent Friday afternoon as his successor, Christian Bines, 46, supervised his first French Open draw.  
"I am not the kind of person to watch over the shoulder of my successor," said Chatrier. "He is young, very young, and that is his best asset. But this is not like '68. This is not a revolution."

## Sanders Reported to Accept Full-Season Braves Pact

*The Associated Press*  
ATLANTA — Deion Sanders, a two-sport star, and the Atlanta Braves have apparently agreed on a multiyear contract that would keep him with the Braves until the end of each season.  
The Braves' general manager, John Schuerholz, said Thursday that Sanders and the Braves had reached an "understanding" on a contract. Earlier this year, Sanders rejected an \$11 million, three-year offer, seeking about \$1 million more over three years plus an option for 1996.  
Sanders, who was placed on the disqualified list after failing to return to the Braves on April 29, a day after his father's funeral, is expected to return on Friday. He was reinstated Tuesday and joined minor-league workouts Wednesday at Atlanta's spring training camp in West Palm Beach, Florida.  
Sanders, who has not been paid while on the disqualified list, had his contract renewed by the Braves in March for \$11 million, but is not required to stay with the team past July 31 because of his commitment with the Atlanta Falcons of the National Football League, for whom he plays cornerback.

### DENNIS THE MENACE

"GIVE ME YOUR HORN, YOUR DRUM AND YOUR KAZOO. I'M EXPECTING A PHONE CALL."

### PEANUTS

A JUDGE ON THE SUPREME COURT?! THAT STUPID DOG COULDN'T BE A JUDGE ON A TENNIS COURT!  
AU CONTRAIRE! HE IS AN ATTORNEY WITH THE HIGHEST OF REPUTATIONS!  
WHAT HAPPENED TO ALL THE COOKIES?

### CALVIN AND HOBBES

CALVIN, WHAT ARE YOU DOING?  
I'M EATING NICKELS FOR A NICKEL!  
NO YOU'RE NOT. TIME FOR YOU TO COME HOME AND SLEEP. IT'S MEAN TO TAKE ADVANTAGE OF KIDS WITH NO COMMON SENSE.  
AN IDEA, YOU SPILL EVERYTHING!  
WHAT A RELIEF! THANKS MOM! I FIGURE THERE'S TROUBLE IF I HAVEN'T SEEN YOU FOR TWO HOURS.

### JUMBLE

THAT SCRAMBLED WORD GAME

WROCE  
PUJEL  
BLTAR  
MAINEA

Answer here: A \_\_\_\_\_

### BLONDIE

HI, OLD BUDDY... IT'S GOOD TO SEE YOU AGAIN!  
IT LOOKS LIKE YOU CAME THROUGH THE WINTER PRETTY WELL!  
WE'LL BE SEEING A LOT OF EACH OTHER REAL SOON!  
THE BARBECUE

### WIZARD of ID

HELLO, I'M THE WIZARD AND I'LL BE YOUR CUSTOMER THIS EVENING.  
IF YOU ARE NOT SURE WHAT I WANT, JUST ASK...  
I DON'T SEE A BIG TIP, HERE

### BEEBLE BAILEY

IT MAKES ME SICK THE WAY HE PILES UP HIS TRAY.  
YET HE CLAIMS HE'S VERY CHOOSY ABOUT WHAT HE EATS.  
I CHOOSE THAT, AND THAT, AND THAT...  
NO, I DON'T!

### REX MORGAN

SO WHEN ARE WE LEAVING FOR GREECE, POP?  
WE ARE NOT GOING TO GREECE, PETER. YOU ARE RIGHT... WE ARE NOT QUITTERS.  
HEY... THANKS FOR BRINGING ME INSULIN, POP!  
HEY... WHAT ARE PARADES FOR?

### TO OUR READERS IN BERLIN

You can now receive the IHT hand delivered to your home or office every morning on the day of publication.  
Just call us toll free at 0130 84 85 85

### DOONESBURY

HELLO! THE BEST COFFEE CONTAINER HAS ARRIVED!  
ZINGER! IN THE KITCHEN!  
HEY, DUDE! WHAT'S GOING ON HERE? THE PLACE LOOKS DIFFERENT.  
DIDN'T YOU SEE THE SIGN? IT'S THE LITTLE CHURCH OF WALDEN.  
A CHURCH? WELL, I GUESS THAT'S APPROPRIATE.  
HOW SO, BIG GUY?  
I HAD MY FIRST TRULY RELIGIOUS EXPERIENCE RIGHT UP STAIRS.  
NO KIDDING? WHERE WAS I?  
BUT USUALLY I GO TO THE STORE.

### GARFIELD

HERE WE ARE AT THE AMUSEMENT PARK.  
THOSE RIPES WERE SURE SCARY.  
WE GOT THROWN OUT.  
I COULDN'T STOP SCREAMING.  
HE SPOOKED THE PONIES.

SPORTS  
At Monaco P...  
The Animals  
Camera-Bear

WINNERS  
Gain World Tennis

Body (photo) Run

Build Formula

America's Cap



DAVE BARRY

Welcome to Camp Muck

MIAMI — Summer's almost here, and it's time for you parents to decide about summer camp.

"Sounds great!" you're saying. "I'll start packing now!" No, not YOU. You're not allowed to have fun: You're a parent. I'm talking about summer camp for your CHILD.

First you need to select the type of camp. Today, in addition to the traditional category of Camps With Comical Names Like "Camp Wabonga," there are many specialty camps, including Tennis Camp, Art Camp, Drama Camp, Diet Camp, Gorge Yourself Camp, Homesickness Camp, Cramp Camp, Enemy Camp and Space Camp, at the end of which your child is actually launched into orbit (this one is all booked up).

When I was in high school, I worked at (really) Camp Sharpshooters. (Everybody: "Waniko! Waniko! Waniko! Waniko! Wan-O! Maroon! Maroon! Sharp-a-ROON!") I was on the maintenance crew with the Rotando brothers, Hank and Lou. Here is the kind of maintenance crew we were: Rather than walk as many as 15 feet to an approved trash can, we stuffed our garbage into a hole in the floorboards of our cabin. By the end of the summer the entire cabin was bobbing up and down on a pulsating wave of crud.

Our job was to maintain the camp facilities, which was hard work, so instead we spent virtually the entire summer of 1962 trying to make an exploding arrow. I can't remember why we chose this particular objective, but it became very important to us, and we spent many hours constructing and testing various arrow designs, none of which worked except when you pounded them directly with a hammer.

Speaking of exploding, the highlight for the maintenance crew that summer was when we helped the head maintenance person, whose name was Hans, attempt to revive a former freshwater spring that had turned into a swamp. Hans had decided that the way to get the spring flowing again was to use dynamite. I don't know where Hans got the dynamite, but he had a big wooden box full of it. We took this out to the spring, where Hans,

looking as though he knew what he was doing, stuck numerous sticks of dynamite into the muck. Then we moved back, uncoupling the detonation wire, and when we were what Hans felt was a safe distance away, he touched the wire to a tractor battery. This was followed by what came to be known as the Rain of Frogs.

Of course the spring did not start flowing. The spring turned into a geological formation that future generations will call Big Inexplicable Muck Crater.

Rest assured that there will probably not be dynamite in use at the camp where you send your child. It will probably be more like the camp we sent our son to last summer. After considering all the possible types, we sent him to Losing All Your Stuff Camp. The camp sent us a detailed list of exactly what he would need — how many pairs of socks, underwear etc. — and his mom spent many hours getting all this stuff together and labeling it. Then, as soon as he got there, he embarked on a rigorous program, supervised by college students, of losing everything. By the time we got there for Parents' Day, he had virtually nothing left. We found him — I am not making this up — wearing one sneaker, boxer shorts and a T-shirt that would have to be laundered with nuclear weapons. He had not brushed his teeth since the first day, when he lost his toothbrush.

He could not have been happier. He was living in a cabin with seven boys, all of whom had also lost everything. Nobody had a clue where anything was. By thinking hard and examining the area carefully for clues, we were able to deduce that the majority of lost stuff was probably located on the floor. The key piece of evidence was that we couldn't actually see the floor. The campers were walking around on a six-inch-deep layer of discarded clothing mixed with food and comic books.

Naturally this made me concerned about whether modern camps are doing a good job of teaching traditional American moral values. In my day, we would have put that stuff where it belonged. Under the floor.

Knight-Ridder Newspapers

Steely Dan Part III: Return of Smart Rock

By Mike Zwerin

PARIS — Steely Dan is dead, long live Steely Dan. Donald Fagen was in town on a worldwide promo tour signaling the return of Smart Rock with the forthcoming (Monday) release of "Kamakiriad" (Reprise), his first solo album since "The Nightfly" in 1982. They can be described as Steely Dan, Part II & III.

In the mid-'70s, Steely Dan fashioned the first basic changes in rock music since the Beatles, the Stones and Jimi Hendrix, adding complex jazz chords and allegorical lyrics to the backbeat. They also took the multitrack-layering recording process developed by George Martin to a more sophisticated level.

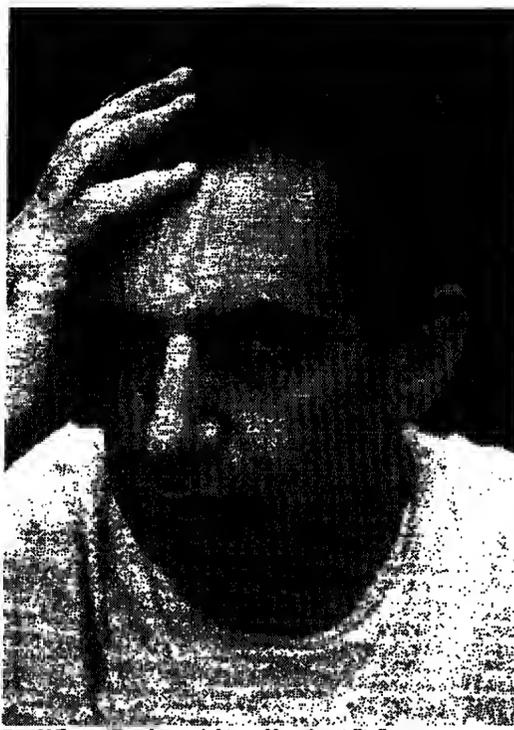
Fagen and his partner, Walter Becker, got so sophisticated the music could not be taken out of the studio. For most of its life, Steely Dan only existed on vinyl. They were described as "pseudo-jazz" (Fagen prefers to call their burmished hi-tech sound "pseudo-opulence"), obscure and overbred.

"Overbred?" Fagen stopped to consider it, then laughed. "Yeah, probably so. I'm concerned with personalized formal structure rather than so-called 'professional' pop music. I've always tried to avoid sentimentality, which is fake feeling based on illusion. There's too much of that around. I've become more suspicious of romance as I've grown older. We have to stamp out sentimentality."

Dealing with "obscure," he explained that in their early years on the road they had opened for heavy-metal bands: "The conditions were horrible, and we never really liked the combination of players we had so we just stopped touring. The idea was to work in the studio for awhile with the best musicians we could find and then regroup and go out with another band, but inertia was victorious."

Fagen laughed at his own ever-present sense of irony — some call it cynicism. A rare bird, a New York Jewish intellectual rock star, he grew up in nearby Passaic, New Jersey ("an awful suburb"), discovering the music of Chuck Berry at the age of 13. Through late-night disc jockeys like Symphony Sid, he discovered "cool" jazz. He defines cool as "a certain kind of discretion." He's cool all right.

Having grown out of his old surly image (he is extremely shy and sunny with photo opportunities), Fagen has a wide, thoughtful smile and even laughs outright often at himself. He tends to mumble out of the side of his mouth with a lot of "you knows" and "kind of," avoiding eye contact. His shyness is one reason the band stopped playing live concerts: "As friends I was up to me to talk to the audience



Donald Fagen: "I've always tried to avoid sentimentality."

between numbers. I didn't like that at all." Fagen met Becker while attending the fearlessly liberal Bard College on the Hudson River. They started writing songs together including "I'm not very proud of it but there it is" ("I Mean to Shave," recorded by Barbara Streisand, Jerry Leiber, who wrote hits for Elvis Presley, told them their stuff reminded him of German art songs.

After dropping the rest of the band in 1974, Fagen and Becker relied on quality hired hands like saxophonist Michael Brecker and Steve Khan, guitar. The phantom band called Steely Dan began to build a cult reputation until they broke through into mass sales (more than four million copies) with "Aja." They disbanded

in style, after recording the exquisitely titled "Gaucho" in 1980, which also sold platinum — musicians compare it to Sgt. Pepper.

"Kamakiriad," written by a reunited Fagen and Becker, is a suite of eight songs dealing with the future near the millennium. Fagen, who lives on the East Side of Manhattan, and Becker, who lives in Hawaii, collaborated over a WATS phone line, wearing earphones: "When you write songs you spend a lot of time thinking and we kept hearing this weird static, satellite feedback and crossed lines." Maybe that's why the material turned out so sci-fi. The hero takes off in his steam-powered Kamakiri automobile with a frame made

in Glasgow and Balinese technology. It's a "total biosphere" with a farm in the back: "Good fresh things every day of the year." The trip takes him down "the T-Line to Bleak and Divine. Just above the good-time Flats," through a "heartquake" to "spitewives," under a "counter-moon" which makes people fall out of love and to a misty beach where "my life became alien pseudo-women," who are replacing yesterday's girls; he gets a "tittle sily" passing Lake Nostalgia and falls into microspace: "It's even better this time around with Coltrane on the K. L. H." He recommends listeners read the printed lyrics in the album notes, "like an opera libretto."

I asked him if it had taken 10 years to write eight songs.

He said he'd had a writing block after "The Nightfly," along with a midlife crisis. He'd also been involved with "less emotionally demanding" projects such as music for "this not particularly great" movie "Bright Lights Big City" and the "New York Rock and Soul Review," a presentation of soul music he put together with Libby Titus, now his wife, Phoebe Snow, Bob Scaggs and others.

Back in the role of rock star, he feels "biscuit." He listens to records by "dead" jazz, R&B and blues players. "Recently he went to hear a 'wonderful' group of Ellington alumni in a New York club and there were like 10 people in the joint. He chalks this up to America:

"Americans' attention span is so short they can't follow any sort of linear unfolding thing. They see music as association, which is where sentimentality comes in. They define their lives by sentimentality. They're thinking about themselves and the people they have relationships with in an idealized way. So music has to evoke an extremely romantic image."

"Music as structure is foreign to them. Americans have always had an essentially anti-intellectual character. One of the good things about that is they never let thought get in the way of action. They go ahead and do things other people would just think about. But it's beginning to get more negative. You end up with no content, no values."

"The reason you often see an evocation of jazz in commercials, some saxophone player for example, is that it means urban. These jeans will look good walking around the Village. They would no longer be interested if you rented the picture and heard the guy actually playing jazz. Americans are less and less inclined to follow any intellectual enterprise."

"How does that make you feel living there?" "Ummm, sort of, you know - isolated."

PEOPLE

Cheers! Millions Say Good Night to Sitcom

And there you have it, the bartender nearly got back with the waitress who had left him six years ago, but coming to his senses, he stayed with his real family, the gang at the saloon. With Thursday night's 275th episode, "Cheers" closed its barroom door as it was watched by an estimated 100 million people. The cast itself was given a warm and rowdy sendoff by Massachusetts lawmakers (the show is based in Boston) before the sitcom aired. Governor William Weld welcomed Ted Danson, George Wendt, John Ratzenberger, Rhea Perlman and Kelsey Grammer to the Statehouse in Boston with a proclamation declaring Thursday "Cheers Day" in the commonwealth. More than 30,000 Canadians gave "Cheers" a noisy send-off at the SkyDome, home of the Toronto Blue Jays, where the episode was played on the huge scoreboard screen. "It's not really American humor, it's bar humor," said a Canadian fan.

Doctors performed a minor operation on Queen Elizabeth, the Queen Mother, 92, after she complained of a "slight tightening of the throat." Buckingham Palace said Friday. She was taken to Aberdeen hospital from Balmoral Castle on Thursday evening.

Richard Pryor received his star on the Hollywood Walk of Fame, where he was hailed as "a pioneer of African-American comedy." Pryor, 52, who has multiple sclerosis, told a crowd of several hundred onlookers, "I am happy ... I made a cloudy day sunny and I thank you."

Alex Trebek denied that his show, "Jeopardy!," was rigged to favor female contestants, calling the allegation a "desperate attempt to promote a new book. Hours earlier, Harry Eisenberg, a former associate producer for the quiz show, held a news conference to announce the release of his "tell-all" book, "Inside Jeopardy!"

INTERNATIONAL CLASSIFIED Appears on Pages 4 & 9

WEATHER

Weather forecast section including tables for Europe, Asia, Africa, North America, Latin America, and Oceania, along with a map of the United States.

BRIEF STATEMENTS By Alfio Micci

Crossword puzzle grid with clues for Across and Down, and a solution to the puzzle of May 15-16.

BOOKS

TOUCHED WITH FIRE: Manic-Depressive Illness and the Artistic Temperament. By Kay Redfield Jamison. 370 pages. \$24.96. Free Press. Reviewed by Saul Rosenzweig. HIS book is an outgrowth of a chapter by Kay Redfield Jamison in the comprehensive handbook "Manic-Depressive Illness" (1990), published by Frederick K. Goodwin with her collaboration as junior author. The chapter was titled "Manic-Depressive Illness, Creativity and Leadership."

biological — and aesthetic — quest. The avowed purpose of the volume is "to make a literary, biographical, and scientific argument for a compelling association, not to say actual overlap, between two temperaments — the artistic and the manic-depressive." As its subtitle reveals however, "manic-depressive temperament" refers to the illness, a medical diagnosis made by present-day psychiatrists. In these terms it is quite doubtful that the book accomplishes its purpose because the medical diagnosis of many, if not most, of the allegedly afflicted artists (Lord Byron, Edgar Allan Poe, Henry James, etc.) is dubious. That these and other illustrative figures suffered from extremes of emotion — elation or depression — is well documented, vividly portrayed. But that they were afflicted with the symptoms of manic-depressive disease remains unproved. Because the author does not adhere to specific diagnostic criteria, one is left with an array of vividly portrayed extremes of mood, often in relation to an artist's periods of productive composition. This latter-day diagnosis can hardly be accepted for such diverse family members as Henry James Sr., Henry James Jr., William James and Alice James, who had some form of crippling "hysteria." To place them on a single chart with the implication that they all suffered from the same bipolar mental illness is gratuitous. Yet, this book sparkles with arresting quotations from the artists' diaries, letters and biographies, and these passages convincingly demonstrate that the individuals suf-

fered from extremes of feeling and emotion. This work has been well researched — learnedly, indeed yearningly. Moreover, it is attractively presented in ways that will appeal to the literate reader. It is a notable contribution to the literature of genetics as related to creativity, but the alleged conjunction of a "temperament" with a disease raises more questions than it answers. Despite the poetic chapter headings and other embellishments, this work as a whole obscures more than it illuminates the manner in which the individual artist is uniquely touched by Prometheus fire. Saul Rosenzweig, professor emeritus of psychology and psychiatry at Washington University in St. Louis, wrote this for The Washington Post.

Rich cake 35 A 1918 hit song 59 Terra follower 79 Nods off 11 Selects 61 Giggle 80 Newman role: 1951 12 Debusny subject 62 Feed the furnace 81 Kind of acid 83 Bars, at the height 13 Rival of a Seduocce 63 Carroll or Josephine 84 Mouth: Conch form 64 Put on cloud nine 85 Toledo towers 86 "me" 88 In a mire 89 Pickle choice 91 Notion 14 Program list 38 Dog or flop attachment 65 Sweater size 66 Sea or land chaser 67 Actress Christine 68 Buddy of Hollywood 70 Effect's partner 71 "my yellow knicker" 74 A spy 76 Do cryptography 78 Range 15 Carpet feature 16 Actor "Vidow" 17 Bell the cat 18 — Sutcliffe, early Beetle 23 "Male Train" singer 25 Gives expression to 26 Receiver of "Fighter of the Century" award 31 Has a real hit 32 Nativity 33 Replete 34 Pianist Claudio 35 A 1918 hit song 36 Punctuation mark 37 Compassion 38 Makeup of fine lavas 39 Dog or flop attachment 40 Bridges 41 Fox's home 44 Male seal's surroundings 47 Condemns 49 Chimp's cousin 51 Erectiles 52 Title for Macbeth 53 Go by car 54 Divert 55 Debate 57 Start of a Dostoyevsky title 59 Terra follower 61 Giggle 62 Feed the furnace 63 Carroll or Josephine 64 Put on cloud nine 65 Sweater size 66 Sea or land chaser 67 Actress Christine 68 Buddy of Hollywood 70 Effect's partner 71 "my yellow knicker" 74 A spy 76 Do cryptography 78 Range 79 Nods off 80 Newman role: 1951 81 Kind of acid 83 Bars, at the height 84 Mouth: Conch form 85 Toledo towers 86 "me" 88 In a mire 89 Pickle choice 91 Notion 92 Acc-t-bk examiners 94 Made yarn 95 S.A. rodent 96 Let's neighbor 97 — grades 99 Ralph Rackstraw, e.g. 101 Nabokov book

Speed up the approval process.

Table listing international access numbers for AT&T USADirect Service across various countries like Austria, Bahrain, Belgium, etc.

AT&T USADirect Service. Your Express Connection to AT&T Service. Just dial the access number of the country you're in. For additional access numbers, call collect: 412 553-7458, Ext. 606.

